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## Criticisms and Claims in China

By Wyndham Newton

Ever since the People's Government was formed in Peking the pace toward revolution has been decreed by its Chairman. It was so when he was relatively silent and lived like a recluse in the shadow of Stalin and the dynasties of past ages, during the first few years of the regime. It has been more palpably so since Stalin's disappearance from the scene and the "suicide" of the man who could have been his viceroy, the Chairman of the North-east Provinces, Kao Kang. It was he who, as the doors closed on an ultra-cautious National People's Congress, in 1955, straightway called for a swift revolutionary march in both industry and agriculture three years ago. It was he, too, who called for the new high tide in the rural areas with the swift formation of communes. But when he returned to the capital from a tour of Wuhan and the Yangtze, to take part in the October First celebrations, he was in a critical temper. He complained that the Imperialists were pushing China around in such a way that China must deal with them seriously, adding that China needed, in addition to mighty regular armed forces, "a tremendous number of militia divisions," so that if the Imperialists did invade China they would "find difficulty in moving a single step." But he appeared to be concerned not so much with the idea of every man being a soldier as with the shortcomings he had seen in the industrial high trade. The Imperialists, he said, after all could not last long. But it was a serious matter that in some parts of the country—and this time he was referring chiefly, one assumes, to the Wuhan region which he had just visited—the Party officials were falling down on their job of ensuring ever-increasing industrial output. The Party leaders were failing to inject the proper enthusiasm into the masses by means of "persuasion through reasoning"—commandism being of course a capital offence! Others forget the similar requirements on the farms and concentrate entirely on greater production of iron and steel. Worst of all, some Party leaders in the provinces spoke of the mass movement as "irregular, guerilla style or rural style" and was therefore not in line with the principle of the "Great Leap Forward."

Yet Peking claims that the policy of supplementing the concentrated steel production by small-scale development throughout the country has led to an unprecedented acceleration of pace this year. Statistics covering the first half of the year report that iron output increased by 360,000 tons over the original production increase plan, steel by 70,000 tons and steel products by 150,000 tons, representing increases from 25 to 32 per cent over the corresponding period last year. Output of essential steel products such as heavy steel rails, silicon steel plates, steel sheets, and seamless tubing, of which there had been a persistent shortage, also rose in the same period by 26 per cent to 142 per cent. In addition over 200 kinds of new products were trial produced. So far as construction is concerned, over 30,000 small native blast furnaces had been built up to the end of July, far exceeding the target set at the provincial and municipal Metallurgical Industry Conference held in April.

But even these achievements were held to be far from adequate to meet the current demand, ensure a greater "leap forward" in industrial and agricultural production or satisfy the requirements of the plans mapped out by the various enterprises. The People's Daily indeed warned the managers that nothing short of complete fulfilment of the targets will be permitted. It says that the completion of 30,000 small native blast furnaces is a good guarantee of success, but owing to lack of technical experience many of them had not been thrown into production in time, and some, though in operation, have not been producing iron regularly. The proper operation of these native and half-modern, half-native blast furnaces has special significance at the current stage. Increased steel output depends on successful handling of iron production. Peking therefore reiterated the paramount importance of a mass movement by the provinces, municipalities and autonomous regions to build these blast furnaces, to exchange production experience in time and bring them all into proper operation.

There is, of course, a marked difference between these and the existing large and medium steel plants, especially in

the utilisation co-efficient of furnace capacity. If this is reduced to the ratio of the modern Penghsí steel plant (in the North-east) a million extra tons would be produced in the ensuing few months. Yet the Shanghai Third Steel Plant, which produced ten tons per metre, whose equipment and installations are even worse than the ordinary, produced 12 tons per square metre. Formerly blast furnaces and open hearths were built in localities far removed from the mines, and raw materials became quite a problem. This mistake, it is promised, will not be repeated: but often it is. It is contended that if China continues to adhere to the principle of simultaneous development of big, medium and small enterprises, with emphasis on the medium and small ones, and the principle of combining native with modern methods under unified leadership and comprehensive planning, she will be able to go full steam ahead. "We can not only build tens of thousands more small blast furnaces and thousands of small converters but also build them with greater and better results." As far as equipment is concerned, it is argued that the important thing to do is to build the machines that extract iron and refine steel. Many of the machine-building plants have already given priority to the manufacture of steel-making equipment and machinery.

But there is still a doubt in the minds of the Party spokesmen. They wonder whether they have done their ideological duty to the full and whether they have prepared all the workers and engineers for the highspeed development planned. The leap forward will require greater efforts still and will bring with it a series of problems and will cause tension in all fields of work. These, it is suggested, should be brushed aside in the stride forward. The steel industry is the base of all other industries and "the mainstay and commander-in-chief of the complete industrial system." Lack of steel is indeed the principal "contradiction" in the current programme of industrial production and construction. A successful leap forward in steel will make work in other fields easier; failure will not only slow down construction this year but will also slow down the work in coming years.

Measures to be taken may vary in time and place but one is fundamental and universally applicable: that the Party secretaries must take personal charge, rally the masses, and stimulate the technical improvement movement on a large scale. It is claimed that the "working masses now are high in spirit, ready to do anything and go anywhere the Party may want them to." The job for the leadership is thus to channel this driving energy to the leap forward programme and co-ordinate the technical improvement with the practices of construction and production by rectifying the mistake of concentration on technical pursuits without regard for the success or failure of production and construction. "Like fighting a war, we must win one battle after another and must, on the completion of one target, immediately set forward another; thus raising the consciousness and working energy of the people, for this is a task of the whole people."

The Politburo's resolve to double China's steel production this year and raise it from 5.35m. tons to 10.7m. tons is described as "a call of historical significance which gladdens the heart and is the most important political mission confronting the Party and the people." China's industrial construction this year has been faster and more extensive than in any previous years. But great quantities of steel are needed for capital construction projects and their machinery and equipment. True, an increase in steel production by 100 per cent is "without parallel not only in China but anywhere in the world," though China is now virtually on a wartime basis and many remarkable things were done in Britain and other Western



countries in wartime. Even so, it is a remarkable thing to leap from a mere 1,350,000 tons in 1932 to over 5m. tons last year, though in the former year by no means all the heavy industry equipment removed by the Russians had been completely restored.

But it is questionable whether it will, as the Chinese pretend to think, "open the eyes of the world to the vast superiority of socialism over the capitalist system"—when the workers through generations have been striving desperately, with strikes and other weapons, to improve their lot as "wage slaves," and know only too well how these flaming records claimed by the Communists are achieved. The new decentralised policy is said to reduce by half the cost of building of steel plants, and the speed of construction and output doubled. But of the hundreds of thousands of native blast furnaces (many of them little than primitive smithies) entrusted with the mission of producing almost half the total quantity of iron needed, some are not operating, some are not

functioning properly, and some are confronted with all kinds of difficulties and problems, including those of the transportation of metallurgical materials and fuel in what is after all largely a roadless countryside, where the rivers cannot always take the place of roads and railways.

Indeed an increasing note of urgency has been struck in comment ever since the first half of the year was ended. "The mission is urgent and time is precious. We must not allow even an hour to be wasted"—such observations are common. But the effort is more than a mere race against time; it is also a question of how long and how willingly the people will keep up the pace their taskmasters have set them. Nor is it a wholly agreeable position for the Party officials, who are being insistently spurred on from the central and provincial levels and are almost driven to distraction by the demands made upon them and by them in turn upon the artisans. Yet the official news agency keeps on recording a countrywide response to the demands.

## Hongkong Reclamations and the Growth of Population

By Professor Wong Po-shang

**ORIGINAL TOPOGRAPHY OF HONGKONG:** Before the British occupation of the Island we now know as Hongkong and the peninsula mainland of Kowloon, Hongkong Island was hilly and bare, unsuitable for habitation. The only people living on the Island were a few thousand fishing folks on junks and in tiny hamlets. There was very little flat or level land and no plain at all, in the true sense of the word, for people to build even crude shelters. Practically all the level areas as they now exist have been created by continuous reclamations. It was not until 1841 that the British occupied this place as their trading station in South China. However, during the first decade or so very little business was transacted on the Island for most of the Chinese could hardly have been called respectable merchants and numbers of the foreigners stayed in Macau because of the unfavorable conditions of the Island, such as the lack of residential facilities, an unhealthy water supply and prevalent diseases, especially Hongkong fever which was rampant at the time. Furthermore, there were typhoons and hurricanes which caused heavy damage to roofs of the temporary shelters despite the fact that they were situated along the shores of the bay and harbour between the Island and the Peninsula. To make up for its lack of building land, the island possessed a natural harbour with water deep enough for sea-going vessels to anchor conveniently and safely, for the surrounding hills provided good protection. The good harbour, no doubt, was the predominating feature which led to Hongkong being chosen as worthy of development.

**"CUT AND FILL" TO CREATE LAND:** For the development of this bare and hilly Island, a lot of "Cut and Fill" work was needed, and it had to be done continuously in order to extend the level spaces to meet the ever increasing demand of the people, especially that of the incoming traders for "bazaar" and market sites. The first Hongkong market, the Canton Bazaar, was situated along the northern shore of the Island where Queen's Road was laid out.

The majority of the merchants, however, settled in the area known as Wong-nai-chung Valley where the Race Course is now situated. Obviously, it was attributed to "Fung Sui" but it was in reality due to the heavy and deadly diseases of Hongkong fever and malaria that the population, particularly the Chinese, gradually moved to the western part of the coast towards the site where the military camp was stationed, called "West Point." It was in the district known as Sai Ying Poon traditionally where, early in the 19th century, a pirate chieftain (Cheung Pao Tsai) had his western headquarters, as distinct from his eastern fortress in what is now North Point. Later,

further development reclamation began along the coast from the west to the east, particularly the Central district along the "Praya" (A Portuguese word, meaning waterfront).

**POPULATION AND SUPPLY OF LAND:** Land supply curve may be said to begin from 1851 with the start of the first reclamation and the steady growth of population. It is to be noted that the wave of population usually followed the social and political disturbances of the mainland. Events, such as the Tai Ping Rebellion (1845-1865), was no doubt partly responsible for the movement of population into Hongkong. The curve of population in those years rose from 29,000 to 121,000. During the time of the Boxer Uprising in 1900 and 1901 and for several subsequent years the increase averaged about 15,000 per annum. This, it was said, was caused by the persecution of Christian Chinese in China. After 1911 frequent disturbances in South China due to revolutionary movements caused further outflows of population from the mainland into this Colony, resulting in the Colony's population curve moving up to the tens of thousands level which continued until the outbreak of the Sino-Japanese War in 1937 when the population curve suddenly jumped to the hundreds of thousands level. After Hongkong fell into Japanese hands, the population began to drop to the level of 600,000, which meant that 1,000,000 population left on account of the War. After V. J. Day people returned gradually at first but later in their tens of thousands until the total has reached a figure exceeding 2,800,000. This phenomenal increase was caused by political changes in China.

In the wake of such an immense move of population into the Colony, there were apt to be numerous problems demanding immediate solution. The most urgent problem, however, was that of housing. The limited area of land available on the Island of Hongkong created a condition which led to severe hardships being suffered by those who wished to set up homes and businesses. There has always been a scarcity of level land in the Colony and this scarcity has made it necessary to resort to reclamation.

It was stated in the 76th Anniversary Number of the China Mail, 1921, that from the earliest history of the Colony the need for more extensive areas of level land forced itself on the attention of the Government. The first scheme of reclamation took place as early as 1851. From that date onward there had been continuous extension in that direction as one scheme after another had been drafted and carried to completion with the result that the whole city foreshore, extending from Kennedy Town, in the West, to Shaukiwan, in the East, as it stands today is reclaimed land.



## RECLAMATIONS AND DATES OF THEIR FORMATION:

The following are among some of the more important reclamations with dates of their formation:

- 1851—Praya Reclamation Scheme (Bowrington) inaugurated. First portion carried out.  
 1857—Second portion of earlier scheme concluded.  
 1864—Reclamation at Shaukiwan, to lay road to Victoria.  
 1864—First Kowloon reclamation at Tsimshatsui carried out, 500 feet of seawall laid out.  
 1868—Big reclamations between Wilmer Street and Bonham Strand, with a sea-wall 2,700 feet long. Area reclaimed 81½ acres.  
 1873—Eastern Praya Scheme (Wanchai) carried out.  
 1884—Big scheme and typhoon anchorage for junks at Causeway Bay built. 23 acres reclaimed.  
 1886—Kennedy Town reclamation begun. 22 acres laid out.  
 1889—Second Central Praya Scheme begun, 65 acres, between Naval Yard and West Point.  
 1891—Further reclamations at Kowloon (Tsimshatsui and Yaumati).  
 1900—Naval Yard Reclamation commenced.  
 1900—Reclamation for Taikoo Dockyard and Sugar Refinery (51 acres).  
 1904—Central Praya Reclamation Scheme completed.  
 1906—Further reclamations at Kowloon begun at Tsimshatsui.  
 1908—Reclamations at Kowloon for Railway, Hung Hom Bay.  
 1912—Reclamations at Shamshui, Laichikok and at Yaumati (84 acres).  
 1912—Reclamations at Taikoktsui (54 acres).  
 1914—Reclamations at Laichikok.  
 1920—Reclamations at Aberdeen (Ap Li Chau).  
 Reclamations at Kai Tak.  
 1924—Reclamations at Shamshui and Cheung Sha Wan.  
 1926—Reclamations at Quarry Bay and Kai Tak.  
 1927—Reclamations at Kowloon City.  
 1928—Reclamations at Praya East (Wanchai), 90 acres.  
 Reclamations at Shamshui and Laichikok.  
 Reclamations at Kai Tak.  
 1930—Reclamations at North Point and Shaukiwan.  
 1950—Reclamations and new anchorage at Causeway Bay, replacing the old anchorage.  
 1954—Reclamations at Kun Tong (225 acres).  
 1956—Reclamations at North Point.  
 1957—Tsuen Wan, Hung Hom, etc.

**PRAYA RECLAMATION SCHEME:** In a more detailed historical description, the China Mail, March, 1921, referred to the reclamations on the Hongkong side (begun in 1889 and completed in 1904) with the city development which begun with the sea-wall construction to form the seaward boundary thereof commencing at the junction of Des Voeux Road and Connaught Road, to West Point, and terminating at the Naval Yard, Murray Road. This sea-wall was two miles in length and the area reclaimed thereby was 65 acres. The entire lengths of Connaught and Chater Roads came within its limit as also the "finest site." This is sometimes known as Statue Square and is now the Banking Centre of the City, near where the biggest commercial concerns are also centred. Among early buildings built were Jardine, Matheson & Co., the Hongkong Club, etc. Later, after 1900, Prince's Building, Queen's Building, Royal Building, Alexandra Building (since rebuilt), the Courts of Justice, Butterfield and Swire's office and Telegraph Companies Offices, Hotel Mansion, St. George's Building, the Post Office, the Harbour Office, the Western Market, and among others, subsequently, the Sincere Company's Building. These and hundreds of other lofty buildings are still being used for business and other purposes. All the available sites have been fully utilized as soon as they were ready for building construction.

Another scheme of even greater magnitude was the "Praya East Reclamation." This scheme had already been completed, which involved reclamation of an area extending East from Arsenal Street and incidentally, included the removal of Morrison Hill the site of which added considerable level ground to the development of the city. The area reclaimed was approximately 90 acres, whilst the sea-wall boundary was nearly a mile in length.

Concerning this scheme, the following report appeared in the China Mail of March, 1921: The principal road traversing

the reclamation from east to west of the Island was 100 feet wide, being an extension of that portion of Queen's Road in front of Wellington Barracks. The next important road was 175 feet wide crossing the above at right angles connecting the praya with Wong-nai-chung Valley near the monument. The remainder of the road was also 75 ft. wide. This was necessary and it was also necessary to include certain diversions of the existing roads immediately surrounding the reclamation. Notably, for the Morrison Gap Road and Wan Chai Road, and also further it was necessary practically to relay to a higher level the drainage of the adjacent district which was an out-fall on the site of the work.

**QUARRY BAY SCHEME:** At Quarry Bay some 51 acres were obtained partly by levelling and partly by reclamation made by Messrs. Butterfield & Swire for the establishment of a shipyard. This work was completed in 1905, when the first vessel was docked for repair in October of that year. Consequent on the establishment of this shipyard, Sai Wan Ho, a small quarrymen's village, adjacent to it, attained some importance. Some 81 acres of it were levelled and reclaimed and the area is now covered by a large number of Chinese houses.

**RECLAMATION AT ABERDEEN:** In Aberdeen soon after construction of round-the-island main road an area of 3 acres was reclaimed. Chinese houses have been erected on this reclamation. Another scheme was that of a small reclamation at Ap-li-chau, opposite to Aberdeen, which provided for the reclamation of 5 acres of sea-bed and a sea-wall 56 feet in length. Much of the above mentioned reclamation work on the Hongkong side had been completed before the first decade of the 20th century.

**THE HUNGHOM BAY RECLAMATION SCHEME:** On the Peninsula and Kowloon, a very considerable amount of reclamation had already been undertaken, that of Hung Hom to form the terminus of the Kowloon-Canton Railway, being the most important scheme completed.

**KOWLOON BAY AND OTHER SCHEMES:** The next scheme in importance was that generally known as the "Kowloon Bay Reclamation Scheme" comprising the reclamation of an area at the head of Kowloon Bay. This was carried out by private enterprise, and a considerable amount of reclamation work had already been done. With the exception of a small portion north of Kowloon City and another portion at Shamshui the whole coast line from Laichikok to Ngau Tau Kok—about ten miles in extent, had been reclaimed. Besides the reclamation of Hunghom Bay, the Government carried on the following:

LOTS	LOCATION	DATE	RE-MARKS
Area between K.M.L. 83 & H.H.M.L.I.	Hunghom	1910-11	—
Area opposite K.M.L.'s 29 & 31	Yaumati	1912-14	9 acres
First section of Shamshui	Shamshui	1912-14	10 "
Second section of Shamshui	Shamshui	1912-14	65 "
Filling in Tidal Flat	Taikoktsui	1912-14	54 "
	Fuk Tsun Heung		

The following are the reclamations carried by private owners with dates and their development:

LOTS	LOCATION	DATE	RE-MARKS
K.M.L. 88	Kowloon Point	1904-05	—
K.M.L.'s 74475	"	1908	—
K.I.L.'s 1140-1141	Blackhead Point	"	—
K.M.L. 83	Hunghom	"	—
H.H.I.L.'s 235 to 237	"	1910-11	—
K.M.L. 85	To Kwa Wan.	1908	—
K.M.L. 87	Yaumati	1905-07	—
K.M.L. 49	"	1907-09	—
Area between K.M.L. 32 & 46	Taikoktsui	1904-05	On behalf of Govt
K.M.L. 46 & K.I.L. 887 to 897	"	"	"
N.K.M.L.'s 2 & 3	Laichikok	1908-09	"
N.K.I.K.'s 190-191	"	1909-	—



The reclamation for establishment of the Naval Yard for storing coal and construction of a shelter for torpedoes and lighters on the eastern shore of the peninsula to the north of Kowloon Wharf and Godown Company's property was carried out by the Admiralty.

As to the development of Kowloon Bay it was the greatest work of reclamation yet attempted in the history of the Colony. This scheme was carried out by a private concern called Kai Tak Land Investment Company, Limited. The idea was first conceived by Dr. Wu Ting-Fang and was fostered by the late Sir Kai Ho-Kai with the able assistance of the well-known firm of Messrs. Little, Adams and Wood, Civil Engineers, Architects and Surveyors, under whose supervision the work was carried out. The reclamation extended across the whole head of Kowloon Bay and covered an area of 230 acres. The contract for the first portion amounted to 1¼ million dollars. The praya or the waterfront was over one and a half miles in length and there were to be piers at which ocean-going steamers could be berthed at low tide. The praya was to be 175 feet wide and the main central thoroughfare (now Nathan Road) 100 feet in width and all other roads intersecting the settlement would be 50 feet wide. The praya and the main thoroughfare were to be lined with trees. A service of well-appointed ferry boats was to run to and from Hongkong Island with stations at Central, Shauiwan and Hunghom. An area of 4 acres was laid out as a recreation ground. The site was, undoubtedly, the most suitable for such a settlement outside of Hongkong. Behind the settlement were high hills—bearing familiar land-marks such as the Lion's Head Hill, which in winter would give shelter from the cold breezes which blew across the harbour. As a residential district the site would be ideal.

An important thing to note is that the whole undertaking was an exclusive Chinese enterprise. The primary object was to create a residential suburb where wealthy Chinese would be able to live in peace and comfort—especially for those retired politicians who escaped from China to invest and build houses.

With such an object in view it was certain to be popular, for the Chinese, no matter to where on the earth's surface they may roam, will always come back, if it is at all possible, to their own land. With the wealthy Chinese this modern city would be a goal for "Otium cum Dignitate." So in the reclamation of Kowloon Bay, we had the makings of the foundations of a new township; one to which the Chinese were sure to flock. There would be plenty of room, for marked off in the plan were forty-seven building blocks each of which occupied an area of from 50,000 to 175,000 square feet. So it could be seen there would be room for residences of quite palatial dimensions with the necessary gardens.

Another point which would count for much with the Chinese was that the "Fung Sui" of the place was good. On the one side were the sacred rocks on the historical hill of the Emperor of Sung Dynasty, and in the rear were the Nine Dragon Mountains and the Lion's Head Hill.

For a time some progress was made with the scheme but some of the contributors did not meet the calls made on them for their share of the capital and the promoters experienced difficulty in finding money to complete the Company's plans. Other difficulties arose when the general strike, 1925-1926, completely paralyzed business in Hongkong and the Company had to admit its inability to carry on. The directors then approached the Government confessing their inability to finish the scheme, and the Government decided to take over the works, compensating the Company for what it had expended. Eventually the authorities decided to extend the reclamations still further and to build Hongkong's airport on the site, soon to be replaced by the new runways now being completed on reclamations running out into Kowloon Bay to a length of 7,000 feet. The old reclamations at Kai Tak will then be used for their origin purpose, namely, to provide sites on which to erect buildings for residential and business purposes.

At the rear of the settlement the promoters had reservations on land which might, at some future time, be used for industrial purposes, as the Crown Leases allowed the use of land for factories. Consequently applications for factory sites would come in as soon as the land was ready.

Another advantage was that a large area of level land was still available to the north of the reclamation and along

the Customs Pass or the Saikung Road which ran over the ground now embracing the villages of Pa-ku-tsai and Ngauchwan around Hammer Hill and the villages of Shatin, Unling, Ngau-tau, Pokong, Kakhang, Ngatsinwai, Hunghom and Kowloon City most of which are now occupied by buildings which take the place of gardens and farms formerly occupied by garden cultivators and farming people.

**BEGINNING OF BUILDING INDUSTRY:** During this time a great army of Chinese labourers was urgently needed for the work of reclamation as well as for buildings as many houses were being put up in the Western Section on the newly reclaimed land. And the Government also set up a Police Training School and a gaol on the Eastern Section of the Reclamation. Locomotive engines were busily engaged in pulling heavy truck loads for filling on railway lines running in all directions. The reclamation was under a contract to be completed in four and a half years.

In March, 1925, the same paper stated that during these years a great deal of interest had been excited and a good deal had been written about the question of over-crowding in the City of Victoria and the possible means of making provision for the surplus population if large schemes for the resumption of insanitary properties were initiated in the near future. A good many of the propositions put forward with regard to the housing problem appeared to be based upon insufficient acquaintance with the conditions which rendered building operations so expensive in this Colony, but most of the new areas should commend themselves to the consideration of the community.

There could be little doubt that, important as had been the part played by Hongkong in the past as a centre of trade and enterprise in the East, it would have a future pregnant with far vaster possibilities as a great port and distribution centre in the Far East. It seemed to be equally evident that with the completion of the Canton-Hankow Railway and the pacification of the southern provinces of China, Kowloon was destined to become a popular and prosperous city. That these two important towns should remain for ever separated by a stretch of water not more than a mile wide at its narrowest part was, in those strenuous times, obviously out of the question. It is now unthinkable that as the two sides develop, our successors here will go on being content to catch ten-minute ferries—which are liable to be suspended in bad weather.

**PROPOSED BRIDGE SCHEME:** However, under such circumstances, proposals have been made time and again for building a bridge to span the two shores. Residents of Hongkong, if they are not too forgetful, will recall that the scheme for a bridge across the harbour was first suggested by Captain Murray Ramsay, R. N., many years ago. At that time the idea was received rather as in the nature of a good joke, but the time has come when it might well be taken into consideration as a serious business proposition.

The bridge scheme was briefly thus: The width of crossing from Pedder Street to Kowloon Point is approximately 5,000 feet, so that a road rising one in twenty from each shore would give a clear headway of over 100 feet in the centre and would allow for passage of ocean-going steamers through the centre-span if that were considered necessary—though there would seem to be no great objection to ships coming in at either end of the harbour, and proceeding out to sea again by the same passage. The extreme depth of the harbour is about 51 feet diminishing to about 25 feet at a few yards from praya walls, so that the work underwater would be strenuous but not prohibitive, and the nature of the soil on the Island and mainland is such as to encourage the belief that a hard foundation would be found at a moderate depth. The cost would be undoubtedly heavy.

If such a bridge were constructed the problem of preparing well-arranged building sites with roads and ample open spaces would be at once and for all time provided for by the opening up of large areas of more or less level ground suitable, according to their position, for occupation below and on the slopes of Kowloon Hills. All these sites would be within reasonably easy access of the business centre of the City of Victoria which will probably always remain the heart of commercial activities in the Colony.

**THE TUNNEL SCHEME:** Besides this old scheme of construction of the bridge, there was another suggestion of having



a tunnel built under the harbour. This was planned after World War II during 1948. About its importance and necessity to the Colony, let me quote Sir P. Abercrombie, "From a general planning point of view the more intimate connection formed by a bridge or a tunnel must be considered of great advantage in a situation of this sort and with urban areas of the order of a million inhabitants separated by a stretch of water less than a mile wide. . . The tunnel will be something much more than an underground traffic link. It will be a symbol of the unity of interest of the Colony." But due to heavy cost the Government is still having the scheme under consideration.

**DEVELOPMENT OF YAUMATI & OTHER REGIONS OF KOWLOON:** As for further urban development of Kowloon, a well known section extension was along the area of Yaumati. Since the influx of population the tiny village of Yaumati was gradually overwhelmed by the flood of Cantonese immigrants. During the 1860's it was known as a snipe shooting region but not long afterwards substantial dwelling houses were built by foreigners, particularly the Portuguese and later a number of Chinese houses sprang up, so that at the close of the last century all its suburban appearance had practically vanished, and it developed into an essential Chinese quarter.

Following the urbanizing of Yaumati, the next region to be developed was the area of the village of Chim-Sa-Wan, now called Cheung-Sha-Wan, a few yards west of the Hongkong boundary, then came the village Chae Mi, situated four miles westward of Stonecutters Island and the area of Tsuen Wan, three miles northward of Chae Mi Village. The praya wall, a sort of breakwater, was built and extended to this area.

The development of the western region of Kowloon, including areas west of the British boundary, Yaumati, Chae Mi (now Castle Peak Road) to Tsuen Wan, was intended to be industrial and residential areas for middle and poor labouring classes. But since the occupation of the mainland by Communists, there has been a tremendous influx of refugees who have settled in these areas, namely, Yaumati, Shamshui, Cheungshawan, Castle Peak Road, Tsuen Wan and the New Territories.

**DEVELOPMENT OF TSUEN WAN:** "The reclamation and development of Tsuen Wan has proceeded at a fair pace. By the end of the year the reclamation area will reach the total of nearly a million square feet, providing accommodation for three factories which have already been completed and a fourth which is still under construction. Unfortunately, the development of industrial sites has far outrun what should be parallel development of housing sites and for the lack of proper accommodation the increasing population has had to find room for itself in squatter huts. This problem is being attacked but it will be some time before a material improvement can be effected.

"In November a start was made on the reclamation of neighbouring Gin-Drinkers Bay. A seawall was constructed to connect Tsing Chau, or Pillar Island, with the mainland to the north, and refuse is being dumped on the landward side by the Urban Service Department. And work is continued on the improvement of Castle Peak Road between Laichikok and Tsuen Wan and local improvements were made to the main New Territories circular road." (Annual Department Report: District Commissioner, New Territories, for 1955-56, page 7).

**DEVELOPMENT OF KUN TONG:** "At Kun Tong about 46 acres of a reclamation, which will eventually cover 227 acres, have been filled and levelled and some factory sites in what is planned as a new smokeless industrial area have been sold." (Annual Report 1956, page 160).

"Kun Tong and Tsuen Wan as industrial centres. . . In the past much of residential and commercial development has been achieved by the expedient of excavating hillsides and used the spoil to reclaim land from the area. This is being done at Kun Tong Reclamation which will provide within the next two or three years some 140 acres of industrial land. In this area industrial sites totalling some 349,000 square feet were sold during 1956." (Annual Report 1956, p. 160).

**RECENT RECLAMATIONS:** Recent reclamation projects undertaken by the Government are: the North Point Scheme, the Chai Wan Scheme and the Central Reclamation. According to the Government's General Reclamation Plan, this is the

third stage of the Central Reclamation Scheme which is to provide urgently needed land in the crowded city area. The first step of the work will be the dredging of the foreshore and sea-bed along the Connaught Road waterfront, between Morrison Street and Ramsay Street. Then three seawalls are to be constructed to enclose a rectangular area which will then be filled in by public dumping of spoil from development projects. The two seawalls opposite Morrison Street and Ramsay Street will be 250 feet long, while the seawall which is to retain the reclamation will be 1,050 feet. An area of over 262,000 square feet will be reclaimed from the sea when the work is completed in about one and a half years' time."

So much for the review of the general development of reclamation since 1851, is sufficient to show that the areas of the city have been increased tremendously and form the present, land area of Hongkong, Kowloon and the New Territories. But the overgrown population problem of the Colony has still to be completely solved.

#### GROWTH AND DISTRIBUTION OF POPULATION:

According to the last complete census, 1931, the distribution of population of this Colony was as follows: 375,000 persons living in the urban area of Victoria and 236,000 persons living in Kowloon. However, it was during the four years beginning 1937, when Sino-Japanese hostilities broke out, that Chinese immigration exceeded all other periods. The stream of refugees, seeking refuge in the Colony, continued unabated until the outbreak of the Pacific War in the winter of 1941, well over 750,000 had entered the Colony during the period mentioned. Two reports from enumerators of 1941 census gave an indication of appalling living conditions resulting from this wave of immigration. "In Western Division, the overcrowded and congested condition under which the people lived was noticeable. To find as many as forty to fifty people in one flat was no rare occurrence and these flats mainly consisted of a floor subdivided into a series of cubicles, by wooden partitions. Thus each flat was a mass of inflammable material and must present a very serious fire-hazard and, at the same time, a positive danger during epidemics from a sanitary and health point of view. Davis: Hongkong, p. 94). And in another report said Dr. Davis, "The great overcrowding is well illustrated by one district in the Central Division. The total population amounted to 27,135 residents and 1,073 street-sleepers. The total figure showed an increase of 69.6% over those of 1931 in spite of the fact that during that period of ten years, practically no new buildings have been erected, except in the place of those demolished."

Suddenly, due to the capture of the Colony by the Japanese on December 25, 1941, the tide of population moved away from the Colony. During the first few months of the Japanese occupation, refugees were fleeing the Colony by all routes. The main route of exit was from Tai Po Road leading to the frontier. From morning till night there was a continuous stream of emigrants. This mass of emigration was later followed by a smaller but steady flow which continued throughout the period of the occupation. The Japanese admitted that their policy of self-sufficiency for the Colony was unsatisfactory and how the Chinese dislike of the Japanese lowered the population. During the three years of Japanese occupation the population dropped from 1,639,337 to 650,000. Thus in a little less than four years the population was reduced by about 1,000,000 and returned to approximately that of 1921. (See the Map of Population Growth). Immediately following the Japanese surrender in August, 1945, the wave of immigrants to the Colony began again. By February, 1946, the population, based on the issue of rice ration cards, was estimated to have again passed the million mark which meant an increase of 350,000 in six months. The continuous unsettled conditions in China kept a steady flow of Chinese to Hongkong. Until the occupation of the mainland by the Communists at the beginning of 1949, the population was estimated to have reached 1,800,000. (Davis: Hongkong, page 95). "The unsettled political and economic conditions in China resulted in the desire by hundreds of thousands of young men and of whole families to emigrate. Most foreign countries were not prepared or able to accommodate any large number of Chinese. . . There was, therefore, a strong impulse to emigrate from China coupled with disadvantages and difficulties in entering most other countries. They were obliged to seek refuge in Hongkong. The Colony was prosperous and raised no serious



barrier to immigrants. Some came in hopes of moving on to other countries but the vast majority were old residents returning or new immigrants who saw Hongkong as a prosperous city in which to earn a living. And there was a large influx of political refugees both politicians and military people of the Nationalist regime, who escaped to Hongkong for refuge. These refugees were estimated at 300,000 who lived in the squatter areas. Some of them about 100,000, returned to the mainland after the Communist government was established in 1949-1950. At the present time the inflow of immigrants still continues. The issuing of Identity Cards was started in 1951. Since that date, according to the Registration of Persons Office, the population of the Colony has reached the figure of 2,600,000.

**THE SQUATTER PROBLEM:** Thus came the problem of squatter settlements which has been productive of headaches for several branches of the administration. In proof of this let me quote a statement from the Report of Commissioner of Resettlement, 1955-56: "The squatter problem first became serious in 1947 when large numbers of immigrants from China were unable to find accommodation in Hongkong, partly because so many buildings had been damaged or destroyed by looting and bombing during the War. . . . The stream of immigrants continued to increase however, and became almost a flood in 1949 after the defeat of National forces in South China. . . . In January, 1950, the big fire in the squatter area first broke out. . . . Twenty thousand inhabitants were made homeless. . . . They not only presented a serious and increasing fire hazard but the sanitary condition in them were so appalling that they were also a threat to the health of a large part of the urban areas of Hongkong and Kowloon. . . ."

**RESETTLEMENT PLAN:** The Government, searching for a solution, has decided on a policy to establish resettlement areas into which the squatters could gradually move. "There they would be offered sites on which they could build themselves new huts or one storey cottages at their own expense. The more centrally situated areas such as Homantin and King's Park were known as approved areas and in these areas cottage had to conform to certain minimum standards and no wooden huts were allowed. Others, such as Chai Wan and Ngau Tau Kok, were known as tolerated areas and were for the poorer squatters who could not afford to do more than build new wooden huts or rebuild their existing ones. It was hoped at the time, when these squatters found it hard to make a living in Hongkong, they would return to China when conditions there became normal," stated the Report.

"Progress was slow" complained the Report. "The reason was that the majority of the squatters were either unable to afford to build the type of cottages which the Government requires in an approved area or because they were unwilling to move to the outlying tolerated areas which were far from their place of work. To speed up the development of the approved areas the Urban Council allowed contractors to build cottages for sale to persons eligible for resettlement. This system was not successful, due to various reasons, one of which is that the majority of the squatters were too poor to pay the price asked by the contractors. So not a few of these contractors considered this as a losing project."

As a result of the conditions, a decision was made to use public funds for development as a means of solving the squatter problem. The Government shall bear the main responsibility to act upon the resettlement question by constructing block buildings for these squatters.

This policy of the Government for attempting to solve the resettlement problem cannot be considered a fundamental solution for the population problems of this Colony for the influx of immigrants is still great, which coupled with the natural rate of births in the Colony will cause the population to grow in spite of the Government's efforts.

**NATURAL GROWTH OF POPULATION:** During the last three years, the natural rate of population increase was a little less than 25 per thousand per annum. (See Chapter II. "Hongkong" The Economic Survey of Asia and the Far East, 1954). That means the population will increase 62,500 each year. In other words, the total increase of a ten year period alone equals the total population of 1921 and that of the year of 1945 when the Japanese surrendered.

The population trend in Hongkong will always shoot upward even if there are no political and social disturbances in China. Consequently, the Colony's problem of housing will for ever remain an unsolved problem unless there is an outlet created for the over-crowding population. *The only hope for such an exodus lies in the China mainland which can attract back this surplus population when economic and political conditions there become more favourable.*

It must be remembered that many people have emigrated from Hongkong to other countries of the world, particularly to South East Asia. But in comparing the statistics for the period 1900-1946, the number of immigrants has always exceeded the number of emigrants. The statistics are as follows:

YEAR	EMIGRANTS	IMMIGRANTS
1900	66,961	109,534
1905	73,105	137,814
1910	88,452	146,585
1915	109,110	151,728
1920	84,602	100,641
1925	129,004	129,106
1930	235,141	181,227
1935	99,104	176,707
1940	127,953	91,754
1946	17,909	64,309

**REDISTRIBUTION OF POPULATION:** Professor Sir Patrick Abercrombie's Preliminary Planning Report, 1948, referred also to the Colony's problem of redistribution of population and the readjustment of the resettlement problem. The aim was to reduce the number of population per acre, in other words, to lower the density of population in the urban areas. He said, "This would give a total of two million inhabitants for the Colony as a whole to enable industrial and port expansion to be regulated accordingly. There are two factors which would vary this figure, first, if lower density standard were adopted, the land being strictly limited, the total population would equally be decreased. The Colony may be forced with this alternative between a larger population or a better standard of living. The other varying factor, operating in the opposite direction allows the urban population to pass beyond the mountain barrier into the New Territories. A new town of 100,000 inhabitants could be developed with its own industrial trading estate and increased road and rail connection with the harbour. . . . It is very necessary to have some general figures of this sort in view as the whole scale of improvement and provision of public services must be based upon them. Water supply, for example, might become a limiting factor as severe as that of land and the areas required for offices, shops, car park, streets, open spaces, etc. must be based upon some ultimate population." (Abercrombie: Preliminary Report, p. 6).

According to Professor Abercrombie's idea, it is necessary to remove at least 500,000 persons to locations where acreage could be required in or near Kowloon, which will also provide for the rehousing of the 100,000 overspill from the over-crowded areas of Hongkong and Kowloon. For this redistribution of population he suggested the following scheme:

POPULATION TO BE AC- COMMODATED	DISTRICT	ACRES
57,000	A. Hill District East of Homantin ..	200
92,700	B. Kau Lung Tsai East .....	325
78,500	C. Kowloon Tong West .....	275
35,600	D. Castle Peak Road Area .....	125
50,000	E. Kun Tong Reclamation .....	175
75,000	F. Hung Hom Reclamation .....	150
57,000	G. Gin Drinkers Bay .....	200
55,000	H. Tuen Wan .....	193
500,800		1,643
100,000	I. Overspill North of Kai Tak ....	350
600,800	Total Population and Acreage ....	1,993

"The housing conditions of Hongkong present the most serious problem in the Colony. Density to the extent of 2,000 persons to the acre" stated Prof. Abercrombie. . . . "After considering many alternative suggestions both as to number of



# NETHERLANDS INDUSTRY AND ITS EXPORTS

## PART II

### THE EXPORT BRANCHES

#### Mining

**Coal:** Coal is produced in the Netherlands from twelve mines, all of them located in the south of the province of Limburg. The mines, whose depths range from 250 to 855 metres (850 to over 2,500 feet), contain relatively little anthracite and a great deal of bituminous coal. Four of the mines are exploited by the State and eight by private enterprise. The state-owned mines produce 60% of the total amount of coal raised. The state-owned Maurits mine accounts for about 30% of the state production. The Dutch bituminous coal is of very low sulphur and phosphorous content. From it is prepared a coke that is eminently suitable for use by foundries and steelworks. France, Sweden, Belgium, Luxemburg and Switzerland are among the principal customers. The accent in Dutch coal-mining is being increasingly laid on the refining of the coal raised. The gases released in coke production form the raw material for the chemical industry of the State Mines, one of the pillars of the Dutch chemical industry.

**Petroleum:** Since the second world war petroleum has also been produced in Holland. The oil is first stored and then transported in tank cars to the refinery at Pernis, where, together with imported crude oil, it is distilled. The by-products of the refining process have been the means of originating various chemical processes. At present Holland is the largest exporter of refinery products on the continent of Europe.

**Salt:** In the eastern part of the country, at a depth of 300 to 400 metres (950 to 1,250 feet), are a number of salt deposits, the main ones of which have a thickness of over 150 feet. They are exploited by the Koninklijke Nederlandsche Zoutindustrie (Royal Dutch Salt Mines). Reserves are sufficient to meet the entire world salt demand for a hundred years. The Royal Dutch Salt Mines have developed a chemical industry based on this salt extraction.

#### Metallurgical Industry

**Iron and steel:** Before the first world war the Netherlands had to import all its iron. The experience of this war showed how vulnerable Dutch industry was on this account. It was therefore decided to erect blast furnaces at Ymuiden on the North Sea coast. Thanks to the geographical situation the crude ore could be taken there cheaply by sea. The first blast furnace was completed in 1924, together with a battery of coke ovens. The second blast furnace was completed shortly afterwards, and the third in 1929. At present a tube works, a steelworks, various rolling mills (among them a broad-strip

the average family, floor area per person and number of building units per net acre, the type recommended by Mr. Owen, which gives 504 persons per net acre, has been adopted for the purposes of making the calculations. This is a considerably lower density than has been adopted for certain post-war rebuilding in Kowloon. But comparing with the standard of London, usually 200 persons per acre is rather high, which would be seriously criticized by housing and town-planning reformers.

According to Prof. Abercrombie, the possibility of transfer of the overcrowded population has been considered and it is believed that it might be possible for new areas developed in Kowloon to attract from and reduce overcrowding in Victoria and Kowloon if a. Work in the form of new industry etc. were available; b. First-rate conditions of houses, shops, play spaces, clinics, and schools were offered; c. A rigorous allotment of houses to bona fide Hongkong residents was made, with preference to those who could show that they came from overcrowded areas; d. Regulations against overcrowding in the vacated areas would have to be simultaneously enforced.

So much for the idea which Prof. Abercrombie presented in his valuable report in which he advanced a certain idea for a temporary solution of the overcrowded population problem. I may conclude that in this problem the two forces in operation, namely, the limited supply of land and the ever increasing population, will always require efforts for its readjustment.

mill) and a metal container factory are attached to the blast furnaces. The home consumption of pig iron has risen sharply in the last few years, but as production has risen too, the Netherlands, with an export figure of 200,000 tons a year, continues to be one of the largest exporters of pig iron in the world. A large proportion of the products of the blast furnaces, steelworks, rolling mills and foundries is exported, not only as such, but also in the form of components of ships, machinery, motors, railway material, automobiles, electrical apparatus, etc.

**Non-ferrous metals:** Great quantities of tin, zinc and lead are extracted from imported ores. Tin extraction is particularly important; not only because the Netherlands, with 16% of world production, is one of the principal producers, but also because the major part of the production is available for export. The extraction of lead is important in connection with the manufacture of tin solder and other alloys. The zinc produced is sufficient to meet part of the home demand and also to supply some foreign countries. Many firms are engaged in the resmelting of scrap, and even more of them in the working up of half-finished products, either home-produced or imported. Considerable quantities of the final products, most of which are made wholly or in part from non-ferrous metals, are exported.

#### Metal Industry

**Wire:** The Netherlands possesses several well-equipped wire-drawing plants and a considerable number of wire-processing works. Among the articles produced, iron and steel wire, steel cables, barbed wire, nails, rivets, wire nails, steel springs, welding electrodes and woven metal gauze occupy an important place. Since the war the manufacture of galvanized wire articles for household use has come greatly to the fore.

**Sheet metal and allied products:** The Netherlands sheet metal-working and allied industries produce an almost endless range of articles for household and industrial use, including steel furniture, heating and cooking appliances, central heating radiators, wrapping and packaging material, office and shop equipment, furniture accessories, locks, hinges and fittings, etc. and light cycle components.

**Machinery:** The machinery produced by Dutch industry ranges from complete factory installations and power units such as steam engines and steam turbines, to machine tools and weighing apparatus. The making of steam engines was stimulated in the first instance by shipbuilding, and only later by manufacturing industry. The first simple steam engines were followed by improved models, by steam turbines, internal combustion engines (including heavy marine engines), pumps, agricultural machinery, complete installations for the processing of tropical products, dairy machinery, specialized machinery, machine tools and a whole range of tools and machines indispensable to present-day society. Internal combustion engines form the most important group of products of the machinery industry. There are direct exports of about 25% of its products. In addition, there are indirect exports in the form of the apparatus and machinery installed in the ships and other means of transport which are sold to foreign customers.

**Construction work:** Dutch engineers have carried out many construction projects both at home and abroad. Internal railway work involved the roofing of large stations with structural steel. Steel was also the obvious material from which to construct bridges, hangars and the factory buildings required by a highly developed industrial system. Reservoirs, too, are among the steel constructions produced in Holland, as well as gaugemeters, gauges, piers, jetties, glass-houses and the like. The export statistics do not do full justice to the results achieved in this direction because the largest steel structures are not completed when they are exported, but are assembled in the country of their destination.

**Hoisting and lifting gear:** The great volume of goods traffic handled in Dutch ports has been and still is a powerful incentive to the production and export of hoisting and lifting gear. In these ports modern dock cranes of every conceivable



type make it possible for goods to be loaded, discharged and transhipped rapidly. Travelling gantries with great lifting capacities move the heaviest loads. Grabber cranes, which are important in hydraulic work, are also exported, as well as lifts, vehicles, windlasses, capstans, etc.

**Shipbuilding:** There are over 200 shipyards in the Netherlands. From these, scores of tankers, passenger ships, freighters, tugs, coastal vessels, dredgers, etc. are launched every year. Most shipyards concentrate on ships of one particular size, and every shipyard according to its kind is equipped for fulfilling special orders. At the end of 1956, with more than 600,000 gross register tons under construction, Holland stood fifth on the list of shipbuilding nations.

**Land transport vehicles:** Every kind of vehicle for land transport is manufactured: railway carriages and trucks, electric and diesel-electric multiple coach units, electric locomotives, buses, lorries, trailers, semi-trailers, farm vehicles, motor-assisted cycles and bicycles. There are also many firms engaged in assembling passenger cars and motor cycles.

**Aircraft construction:** The Dutch aircraft industry builds planes both under foreign licence and to original designs. Since the war a number of new Dutch trainers and a new passenger plane have been put into production and preparations have been made for the manufacture of a Dutch helicopter and a small pilotless aircraft which can be electronically controlled.

Electrical Industry

The first electrical products manufactured in the country were ship's dynamos. The growth of the Dutch electrical industry has been aided by the population density, which provides a profitable basis for a widespread system of electric power installations, and by the rapid increase in industrialization, which creates a great demand for electric motors and other electrical engineering products. Railway electrification and the thorough modernization of farms also called for the production of a great quantity of equipment. Thanks to a high standard of living, a great many people are also able to afford domestic appliances; and finally, installations are constantly needed for more and more electricity generating, transmitting, and distributing services. Thus every possible type of electrical equipment can now be supplied. Important export items are: wireless and television sets; electric light bulbs; vacuum cleaners and other domestic appliances; cables, wire and distribution equipment; dynamos, electric motors, generators and stators; telephone and telegraph equipment and apparatus for electrotherapy.

Textile Industry

Although the Dutch textile industry obtains all its raw materials except flax and synthetic fibres from abroad, it is, with the exception of the foodstuffs and metal industries, the most important in the economic life of the Netherlands.

**Cotton:** The cotton industry started in the eastern part of the country, where the originally agricultural population were expert spinners and weavers of linen and wool. The raw materials (principally raw cotton) came from abroad; a high proportion of the finished products goes out of the country. In both the export and the home market, cotton is today the most important product of the Dutch textile industry.

**Linen:** The linen industry is closely allied to the cotton industry since most of the linen thread is manufactured by concerns which also make cotton. Flax, the raw material for linen, comes from Dutch farms, which also export large quantities of flax to Belgium. Exports and imports of linen thread and textiles are about equal.

**Rayon:** The rayon industry concentrates increasingly on exports. Like the linen industry, it is closely allied to the cotton branch. Rayon textiles are produced in the cotton and linen weaving mills. The Netherlands is the second largest exporter of rayon thread, with a share of no less than 16% in the total world exports of rayon in 1956.

**Woollens:** Owing to the vagaries of the Dutch climate there has always been a heavy demand for woollen goods in the home market. But the woollen industry also exports a considerable proportion of its products, such as clothing, knitting wools and blankets. Most of the raw wool is imported.

**Knitted goods, stockings and socks:** This branch of the industry, which has come into prominence particularly since the second world war, exports considerable quantities of ladies' stockings, underwear and piece goods.

**Carpet and coconut matting:** This specialized branch makes not only floor carpets, stair runners and mats, but also considerable quantities of tapestry and table cloths. The major exports are the better sorts of woollen carpet, and floor coverings, mats and stair runners of coconut fibre.

**Cordage and netting:** This minor branch does an important export trade in ship's cables, binder twine and fishing nets.

**Clothing:** The Dutch clothing industry dates from the last years of the nineteenth century. Initially its products were limited to industrial clothing, but the factories which were set up later went over to the production of other types. Its centre is Amsterdam, where a fashion week organized by a large number of clothing factories is held twice a year. The number of foreign businessmen who attend these fashion weeks increases every year. Women's clothing has a particularly good reputation; the export of woollen coats is greater than that of all other articles of clothing put together. Of the other goods exported the following may be mentioned: sheets, pillowcases, table napkins, handkerchiefs, bags, sacks, tents, floor covering, curtains, mattresses.

Chemical Industry

The large-scale expansion of the Dutch chemical industry began only after 1900. A start was then made with the production of ethereal oils, synthetic perfumes, pharmaceutical products, oxygen, acetylene, synthetic resins, various artificial fertilizers and aids to the manufacture of textiles. New applications in the chemical industry after the recent war have led to a further expansion, particularly in industries concerned with electrolysis, the refining of petroleum and coal and the manufacture of synthetic fibres. Some of the primary products have to be imported. Coal, mineral oil and salt are the most important raw materials found within the country.

**Chemical products extracted from coal:** The manufacture of coke has assumed considerable proportions. The coke-oven gas released in the manufacture of coke is used both in the manufacture of town gas and in the chemical industry. In addition to coke-oven gases there are a number of other usable by-products, for instance tar. Of the chemical products based on coal, the nitrogenous fertilizers are the most important. The tar and tar components produced in the manufacture of coke are processed in tar distilleries to pitch, naphthalene, anthracene, benzol, toluol, creosote oil and other tar oils.

**Chemical products based on salt:** About 7% of the salt produced in Holland is used as raw material for the chemical industry, which manufactures from it sodium lye, chlorine gas, hydrochloric acid, sodium chlorate and chlorine bleaching lye. Chlorine again forms the basis of a whole series of chlorinated products, among them insecticides and solvents.

**Chemical products extracted from mineral oil:** From the hydrocarbons obtained in the refining of crude petroleum various chemicals are produced, such as synthetic detergents, polyvinyl chloride, synthetic resins, sulphur, acetone, etc. The paraffin wax prepared from the crude oil found within the country is used in the manufacture of candles and in the electrical, pharmaceutical, cosmetic and various other industries.

**Chemical products extracted from agricultural produce:** Among these products are: dextrine, lactic acid, citric acid, finishing agents, animal and vegetable glues, casein, gelatine and ethereal oils. Dextrine is an important export; soap-making an important branch of the chemical industry. In addition to meeting the entire demand of the home market, the Dutch soap industry has considerable quantities left over for export.

**Pharmaceutical products:** The Dutch pharmaceutical industry has a firmly established reputation, dating from the years before the recent war, as a supplier of quinine, organic preparations, hormones, vitamins, local anaesthetics (procaine), opium alkaloids, caffeine, bismuth salts, cyclo-spasmodol, antibiotics, sleeping drugs, etc.



**Paints, lacquers and varnishes:** Not only dyestuffs but also paints, lacquers and varnishes are manufactured in the Netherlands. Prominent in the latter group are synthetic resin and cellulose products. There is an important export trade, in which Holland has for years held third place.

**Plastics:** The plastics industry, which is young and thriving, has to rely partly on improved raw materials. Among the chief products are: phenol formaldehyde, urea formaldehyde, casein and carboxyl methyl cellulose.

**Other chemical products:** Among the remaining chemical products artificial fertilizers are undoubtedly the most important. Holland is the second largest exporter of superphosphate. Other important exports are perfumes and essences, cosmetics, compressed gases, candles, detergents and polishes.

#### Rubber

The Dutch rubber industry began 125 years ago. Even before 1940 it was producing considerable quantities of inner and outer tubes for bicycle tyres, rubber footwear, soles and heels, rubber hose, automobile tyres, driving belts, rubberized fabrics, rubber floor covering, rubber bonding materials and domestic articles. After 1945 new factories were erected in co-operation with foreign concerns for the production of motor tyres and also sports goods, toys, rubber flex, rubber V-belts and foam rubber. In 1956 the industry produced six times as much rubber as before the war; in that year exports reached a figure forty-five times as high as in 1938. Quality control is strict. The Rubber Institute of T.N.O. (Dutch Organization for Applied Scientific Research) lays down quality requirements for a variety of articles.

#### Leather

**Tanning:** The tanning industry is concentrated in the southern part of the country. The hides, which in the beginning came only from home sources, were subsequently imported from all over the world. Quantities of the many varieties of leather produced are exported as such or in the form of footwear and leather goods.

**Boots and shoes:** In this branch of the industry, too, production has risen sharply since the war and exceeds the home consumption, so that the industry is very dependent on export.

**Leather goods:** The leather goods industry, which developed later than the tanning and footwear branches, supplies about 85% of the present home demand and exports considerable quantities of morocco and leather fancy goods, clothing and driving belts.

#### Timber

Although Holland has little wood of its own and is therefore dependent on imports, it has contrived to build up a modern timber and woodworking industry. This supplies a great part of home requirements and in addition does a considerable export trade in furniture, doors, window frames, sashes and wooden buildings, including prefabricated houses. There is also an important trade in indirect exports in the form of packing materials (chests, crates, casks, etc.).

#### Paper, Paper Goods, Cardboard, and Printing

The Dutch paper factories specialize in wood-free rag papers for printing and writing, newsprint and packing paper. Some of the paper is made up into bags, small boxes, office stationery and other paper goods.

**Straw processing:** Practically all the straw produced in Holland is processed into strawboard, building board or straw cellulose. The production of strawboard is so large that Holland has become the world's leading exporter of this article.

**Printing trades:** Holland's printing trades include book-printing, lithographic and offset printing, book-binding and chemical printing processes. In addition to direct exports of printed matter (under foreign contracts) in the form of books (principally technical and scientific works and art publishing), periodicals, stamps, banknotes and prints, there are even greater indirect exports of printed matter in connection with the advertising and packing of Dutch exports,

#### Glass and Ceramics

**Glass:** The main products are glass containers, electric light bulbs and domestic glassware. The factories making glass containers are highly specialized, so that while one produces only cosmetic and pharmaceutical glassware another will manufacture milk bottles, beer bottles, etc. Domestic glassware is made in luxury and standard qualities. In both cases great care is given to design. Other Dutch products are glass wool, glass bricks, laboratory glass, technical glassware, etc.

**Earthenware:** A distinction can be made between concerns making fine ware and those making coarse ware. The former, which include porcelain factories, have their centres at Delft, Gouda, Makkum, Tegelen, and Maastricht; the latter are scattered throughout the country.

**Building materials:** The Netherlands produces great quantities of bricks, tiles, lime, lime sandstone, cement and cement products. Part of this production goes for export, notably to the countries of Western Europe.

#### Diamonds, Goldsmith's and Silversmith's Work

**Diamonds:** Amsterdam, the capital, is an important international diamond centre. Here, the famous Cullinan, the biggest diamond ever found, was cut in 1908. The Dutch diamond-cutting industry gets its crude diamonds from South Africa, the Belgian Congo, Tanganyika and French Equatorial Africa. It produces both gems and industrial diamonds.

**Gold and Silver:** The gold and silver trades may be considered typical of those Dutch industries that produce quality goods. Schoonhoven on the Lek is the centre of the silver trade, but throughout the country there are other workshops, both large and small.

#### Foodstuffs, Beverages and Tobacco Industry

A prominent Dutch industry is the foodstuffs, beverages and tobacco industry, which processes Dutch and imported raw materials.

**Processing of agricultural products:** Many of the farm products processing factories are organized on a co-operative basis. Holland is the world's greatest exporter of potato flour (from which glucose is prepared), blanchmange powder, potato sago and potato tapioca. The milling industry exports wheat flour, rye flour, barley flour, oat flour, barley groats, barley semolina and porridge oats. The sugar industry processes both home-grown sugar (from beet) and imported cane sugar. The important export articles include confectioner's cream and fondant, crystallized sugar and confectionery. Among the best customers for Dutch farm products are the breweries, the yeast and spirit factories and the distilleries. The Netherlands is the second largest exporter of beer in the world.

**Processing of market-garden produce:** The main products of the Dutch preserving factories are salted and otherwise preserved vegetables, fruits, jams, marmalade, apple syrup, juices, syrups, etc.

**Meat products and meat preserves:** There is a considerable export trade in meat, meat products and meat preserves. In 1956 these exports were worth 560 million guilders.

**Dairy industry:** The dairy products industry has a greater turnover than any other single branch of the national economy. In spite of the great home consumption, exports are at a high level. In 1956 Holland headed the list of countries exporting condensed milk and took second place for cheese, third for powdered milk and fourth for butter.

**Fish preserving:** The branch of the food processing industry came into existence immediately after the second world war, when there was a great demand for preserved fish. When more normal conditions returned, Dutch products were already well established on the market and it proved possible to strengthen and improve this position. Exports of fish preserves reached 12,500 tons in 1956 (principally herring, mackerel and sprats) and those of mussels 1,000 tons.

**Foodstuffs, beverages and tobacco from imported raw materials:** This branch of the Dutch foodstuffs, beverages and tobacco industry is essentially concerned with upgrading and refining. The main products are cocoa products, oils, fats, margarine, tobacco, cigars, cigarettes, husked rice and rice products, maize products, tea, tapioca and coffee.

(End)



# Commentaries on Chinese Paper Money

## Part VI

By E. Kann

### CENTRAL AND WEST CHINA

#### Kiangsu

In speaking of Kiangsu Province, we must bear in mind that the financial metropolis of China—Shanghai—is situated there. Originally, foreign banks had the lead in connection with the emission of paper money; and their record remains clean. Chinese banks, in order to compete with foreign institutions, had to adhere to straight lines and, apart from very few unimportant exceptions, took their task seriously and after years of silent wrestling, succeeded in obtaining the field for themselves, exclusively. In this respect the Bank of China, the Central Bank of China and the Bank of Communications deserve special laudatory mention. It was in 1943 that the Central Bank of China exercised the sole privilege of note-issue in China. Only as a result of eight years enervating warfare did the financial status of the government bank break down (1948/49), giving room to jet-propelled inflation.

Many features pertaining to the emission of fiat money by Shanghai banks were discussed already dealing with the issuing institutions. Minor cities, like Soochow, Chingkiang, etc. present no special features. Originally, Nanking also was unimportant in regard to the circulation of its paper. However, when it became the capital of China, it assumed a more important role, since banking there assumed a significant part. By 1937 it was estimated that the volume of notes in traffic at Nanking was about 25 million dollars, provided mainly by the three government banks.

In Soochow the Yü Soo Official Bank issued notes in 1902, but these were gradually called back in the course of ten years circulation. Another official bank, the Yü Ning Bank, also had notes out, but with the start of the revolution in October, 1911, these notes became irredeemable and the bank had to close its doors. In 1912 the Kiangsu Bank opened for business in Soochow, issuing notes to a moderate extent. Serving as provincial treasurer, the institution obtained permission to issue notes to the limit of \$2,000,000 in all its branches, but soon the directors decided to withdraw all paper money. By 1921, only \$17,000 odd was all that had been left in circulation by the Kiangsu Bank, and by 1930 all its notes had been redeemed and destroyed. Toward the end of 1935 the bank obtained Government's permission to emit subsidiary notes up to \$2,000,000, but seemingly it did not fully avail itself of this allowance.

In 1913 the Bank of China opened a branch office at Soochow, followed in 1914 by the Bank of Communications. Both these institutions emitted dollar notes, to be followed in 1925 by 10 and 20-cent subsidiary notes.

#### Chekiang

Wenchow, a minor port in Chekiang Province, had the Sau Ming Bank established in 1910, and a branch of the Bank of China in 1914. Both of these issued banknotes. Before that time there were in use \$1 notes and Kueiyang notes, issued by local native banks; but after the Revolution they disappeared entirely. In 1924 the Sau Ming Bank had to close its doors. In 1927 the On Hai Industrial Bank circulated paper money, the total of which reached \$130,000 by 1929, when they had to be withdrawn by official request. A kind of promissory note in denominations of \$50 and upward, issued by native banks, had been current in Wenchow throughout some decades.

In the beginning of the 20th century, paper money was issued in the capital, Hangchow, by the Ta Ching Bank, but upon the latter being forced to close subsequent to the Revolution, there was temporary panic. However, the notes finally were redeemed in full. The same remarks apply also to the Hsing Yeh (or Railway) Bank, whose fiat money also was recalled after the Revolution. The Revolutionary Government, early in 1912, issued so-styled 'Military Notes' to the extent

of \$500,000, with which official salaries were to be paid and which were to be redeemed "in a few months." The last stipulation was not to be taken literally, and instead a second series was issued also in 1912. They were, however, accepted in payment of taxes and proved of considerable help to the new young Government. In 1915 they were recalled.

In that year a law was enforced, requiring that only the two government banks were permitted to circulate banknotes. In consequence thereof the Hsing Yeh Bank's issue was finally withdrawn, as was also the Chekiang Industrial Bank's.

The Moratorium proclaimed in Peking in 1916 was ignored by the Bank of China in Chekiang Province and its notes continued to circulate there freely. The advent of the march north of the Nationalist troops in 1927 added to Hangchow's paper money two kinds: Central Bank (Kwangtung) subsidiary 20-cents and 50-cents notes, impressed with a red seal of the Commander-in-Chief; and the so-called temporarily circulating dollar notes, surcharged with the seal of Commander Chou of the 26th Army. The total value of notes of the former then circulating in Chekiang Province was estimated at \$600,000. They were discounted by the market at from 20 to 25% when exchanged into silver dollars, and were eventually withheld from circulation by an official mandate from the Nationalist Government at Nanking. The second kind, the temporarily circulating dollar notes, did not attain a great total, and so were easily withdrawn from circulation. †

Upon the establishment of the Central Bank of China (November, 1928), its notes became very popular in Chekiang Province.

#### Hupei

Both at Ichang and Shasi, dollar and copper notes were current, the issuer being the Hupeh Currency Bureau. But the Revolution of 1911 interrupted the circulation of paper, especially since the issuing bank closed its doors on October 17, 1911.

Two years thereafter the Bank of China opened a branch at Shasi and was quickly followed by the Bank of Communications. Subsequent upon the suspension of note redemption by the government banks in 1916, Shasi (in 1917) declared its independence, whereupon the bank's vaults were emptied by the soldiery. The military tried hard to force paper money upon the people, choosing the title "bonds"; however, the maneuver was unsuccessful.

The Hupeh Finance Bureau, from 1902 onward, issued a very large quantity of dollar notes, besides cash notes which had been in traffic since 1896. Though these were never trusted by the populace, they nevertheless circulated at par until 1911's Revolution. Besides these emissions there was a large quantity of paper money placed on the market in Hupeh Province by cash shops and native banks, thus augmenting the financial chaos there.

Owing to the civil war lasting many years, there was a shortage of silver in Hankow, which became intensified in 1924. Early in 1926 the notes issued by the Hupeh *Kuan-chien Chü* suddenly depreciated to 30% of par. The Central Bank of China (Kwangtung) opened its office in Hankow on January 1, 1927, and attempted to place its notes on the market there. Seeing that the confidence of the public could not be attracted, the authorities decided to place an embargo on the export of silver from Hankow, declaring at the same time the issues of the Bank of China and the Bank of Communications legal tender. All notes emitted by other banks were ordered to be withdrawn. In July, 1927, a large consignment of newly ordered notes from U.S.A. was detained at Shanghai owing to a rupture of the Wuhan and Nanking wings of the Kuomintang. As a result, funds on hand at Hankow proved insufficient for the payment

† Vide "Customs Decennial Reports, 1922/31."



of troops. Thereupon \$9,000,000 worth of notes was printed locally, and the public was informed that refusal to accept these would be considered a capital offense. The threat contained in this measure increased the prevailing chaos. Foreign banks in Hankow stopped business, and no remittances could be effected.

The career of Hankow banknotes during the troublesome years 1927-1928 has already been outlined, so that repetition of those eventful times is superfluous. From 1919 on the situation became more normalized, partly because notes circulated by foreign banks assisted the markets in Hupeh.

#### Hunan

Changsha (the capital of Hunan) had already during the first decade of the 20th century a large volume of notes in circulation, but nearly at all times with insufficient metallic reserves. While there was a discount at times vis-a-vis sycee silver, say up to 7%, there never was a panic market. Conditions continued in a similar manner also during the second decade. As the provincial government was then functioning with a continual deficit, it was feared that the over-issue of paper money was bound to lead to a serious financial crisis. As a neighbor to the province of Hupeh, Changsha was vitally concerned with the banknote crisis which had developed in Hankow in 1927, and as a result, the Hankow notes circulating in Hupeh Province became unredeemable and practically valueless, remaining in that state for a number of years.

In Yochow, another city in Hunan, paper emitted by the official banks of Hupeh and Hunan, was in use until the revolution of 1911. Apart from *Tiao* notes (calling for 1,000 cash), there were Hunan dollar and also tael notes supplied to the market. The latter existed in denominations of 1, 2, 3 and 5 taels. People showed more trust in dollar notes of Hupeh Province, as is evidenced by the fact that Hunan dollar notes stood at a discount of about 2% when compared with Hupeh paper. This state of affairs prevailed before 1927.

#### Kiangsi

In October of 1908 the Ta Ching Bank opened a branch office in Kiukiang. Three years thereafter it was forced to close its doors owing to the revolution which had broken out on October 10, 1911. Holders of its notes could then not redeem them, and there prevailed fears that the notes would become worthless.

The next decade witnessed a reversal to cash notes issued by the Bank of China, and also by cash shops. The latter had to be guaranteed by three firms. By 1935 the Central Bank of China was the principal supplier of notes of the Kiukiang financial market, while the Bank of China and the Bank of Communications also circulated their notes, but to a much lesser extent.

At the end of 1937 it was reported that the Yü Ming Bank of Kiangsi, the Reconstruction Bank, and the Municipal Bank, had decided to issue paper money jointly in denominations of 5-cents and 1 dollar. This decision probably was based on the necessity created by the War. The headquarters of all three banks were situated at the capital, Nanchang.

#### Szechuen

The depreciation in the value of banknotes circulating in Szechuen Province was in a chronic state. In July, 1915, a proclamation was issued, announcing the redemption of paper money at 75% of face-value. This news was then considered as a splendid response to the people's demand for government assistance against speculators, who had been holding down the price, especially as the market value of the dollar-notes in circulation were then only one-half of face-amount.

Amongst the banks issuing notes in Szechuen between 1925 and 1935 were the following: Bank of China, Bank of Communications, Mei Fung Bank of Szechuen, Citizens Bank of Chungking, Cultivation Bank of Chuenkong, and besides native banks domiciled in that province. At times the military authorities also issued so-called tax-notes in denominations of \$100, \$10, \$5 and \$1. Another kind of dollar notes was emitted by the Szechuen General Tax Office. The Farmers Bank of China also circulated its fiat money there.

In August, 1935, the National Government decided to put an end to the currency muddle which had been prevailing for such a long time in Szechuen Province. All the notes in circulation were to be withdrawn and to be replaced by a uniform

issue of notes of the Central Bank of China. The latter despatched \$30,000,000 of its banknotes to Chungking, where a branch office of the Central Bank of China had been established. These notes were inscribed "Szechuen." Shortly thereafter, the Farmers Bank of China received permission to issue through its branches in Central and Western China up to \$100,000,000 in paper money, but the issue was to be withdrawn after two years. Meanwhile the bank succeeded in obtaining permission to enlarge its circulation; by the close of 1936 it was exceeding \$160,000,000. A portion thereof was circulating in Szechuen. Although the note-issue of this bank lacked legal tender qualities, instructions were given that it should be accepted in Szechuen as legal tender. \*

The proclamation relative to the exchange of Central Bank of China notes against the heterogeneous issues of paper money in Szechuen was signed by General Chiang Kai-shek as President of the Military Affairs Commission. It ordered the withdrawal of old notes within the period of from September 15 to November 20, 1935, at the ratio of \$10 old Szechuen notes for \$8 of the new Central Bank of China notes.

According to a report of a special envoy sent to Szechuen in 1935, the total issue of paper money there was 33.7 million dollars, with reserves below 3.6 million dollars. Hence the radical reform plan as outlined in the foregoing paragraph.

In February of 1937 it was announced that \$7,663,928 in notes, formerly channeled into traffic by the Szechuen Provincial Bank and subsequently withdrawn, were publicly burned on the Recreation ground in Chengtu.

For decades gone by, Szechuen had been notorious for a precarious position in connection with paper money. In 1914 military paper money there had depreciated to such an extent that it could no longer be circulated. The authorities then decided to mint copper coins in 200-cash denominations and to further lower the fine content of the silver dollar, in order to procure means for the withdrawal of the depreciated notes. With the decentralization of the political administration and military control, the provincial currency depreciated still more in 1926.

Since the Peking Moratorium of 1916, the Szechuenese had lost confidence in paper money generally. The Young Bros. Banking Corporation of Szechuen issued notes in the name of deposit receipts. However, due to many counterfeits appearing on the market, this bank felt the need to withdraw the entire issue. The same evil still more affected the Chung Ho Bank, which never recovered, leaving a certain volume of notes unredeemed in the hands of the public.

In 1930 the Cultivation Bank of Chuenkong issued over one million dollars worth of notes in \$1, \$5 and \$10 denominations. The Central Treasury of the 21st Army issued paper under the style of "Land Tax Certificate." Supposedly sufficient cash reserves were held in 1931 to cover the entire issue of \$1,500,000. The Citizens Bank of Chungking issued subsidiary notes of 10 and 50 cents. The American Oriental Banking Corporation opened an office in Chungking in 1922 and issued notes there. After some years' experience, it sold the bank to Chinese shareholders. The latter gradually withdrew the note-issue.

In Wanhien, on the Upper Yangtze, the Citizens Bank circulated its notes from 1929 onward. These called for \$5 and \$10, and also 1,000 cash.

In 1935 it was agreed between the Central authorities and Szechuen Province that the latter should promptly withdraw all the diverse note-issues, in order to have these replaced by the uniform and sole emission of the Central Bank of China. The project was quickly realized and was found functioning satisfactorily. Therefore, Szechuen, since the autumn of 1935, has had the legal tender dollar of official China as its currency unit. At least until the unprecedented inflationary movement of 1948 put an end to Nanking's legal tender dollar.

The Local Bank of Szechuen, also known as Regional Bank, (55) had been founded in 1933 by the warlord Liu Hsiang, and within two years the institution, acting as the bank for Szechuen Province under military control, had emitted a plethora of paper currency reaching a milestone of absurdity. The extent of the volume was 32 million dollars with reserves of \$1,242,944, or under 4%, instead of the prescribed 60% in precious metals and 40% in marketable securities.

\* Since 1937, notes issued by the Farmers Bank of China enjoyed legal tender status.



Mr. P. T. Chen, department chief in the Nationalist Ministry of Finance, dealt with the subject in the Chinese Yearbook 1936/37 (pp. 694-96) in the following strain:

"There was a deficiency of \$30,760,318.52 in reserves. Such a state of affairs naturally led to runs on the Local Bank and even affected the rate of exchange between Chungking and Shanghai, thus inflicting financial losses on the people of the province.

Legally speaking, it was not the duty of the Central Authorities to make adjustments for the local banks. But when the Communists invaded Szechuen, the financial chaos became a great impediment to the work of suppression. With the advice of General Chiang Kai-shek, Chairman of the National Military Affairs Commission, the Ministry of Finance made arrangements to issue \$30,000,000 Treasury Notes for the purpose of withdrawing the Local Bank notes and unifying the currency of Szechuen. These Treasury Notes which were issued in August, 1935, are to be redeemed within 64 months. For their sinking fund, \$500,000 is to be paid monthly out of the receipts from the consolidated tax, stamp tax and tobacco and wine tax collected in Szechuen by the Central Government. The Regulations concerning the issue of this loan are as follows:

"Regulations Governing the 24th Year Szechuen Currency Readjustment Treasury Notes:

Article 1—For the purpose of readjusting the currency of Szechuen and facilitating bandit suppression, the National Government shall issue Treasury Notes entitled the 24th Year Szechuen Currency Readjustment Treasury Notes.

Article 2—The total amount of the Treasury Notes issued shall be \$30,000,000 national currency.

Article 3—The Treasury Notes shall be issued in the 24th Year of the Republic of China (1935) at 98% of their face value.

Article 4—These Treasury Notes shall bear interest at 5 per mille per month.

Article 5—These Treasury Notes shall be redeemed in 64 months. Commencing from the date of issue, a total amount of \$550,000 shall be paid for the redemption of principal and payment of interest on the last day of each month until the 30th of November of the 29th Year of the Republic of China when the principal and interest shall be all paid.

Article 6—The principal and interest shall be paid out of the Consolidated Tax, the Stamp Tax, and the Tobacco and Wine Tax collected by the Central Government in Szechuen. The Ministry of Finance shall instruct the Administration of Internal Revenues to pay over monthly \$550,000 as Sinking Fund to the Central Bank of China to be credited to the Treasury Notes Special Account under the National Loan Sinking Fund Administration Commission.

Article 7—These Treasury Notes shall be bearer instruments in three denominations, namely, \$5,000, \$1,000 and \$100.

Article 8—The Central Bank of China shall be designated as the service bank for the redemption of principal and payment of interest.

Article 9—These Treasury Notes shall be freely purchased, sold or pledged, and may be used as security in public payments or reserves of a bank.

Article 10—Whoever forges or otherwise destroys the credit of these Treasury Notes shall be punished by courts in accordance with the laws.

Article 11—The Regulations shall be effective from the date of promulgation."

In the petitions despatched by the public bodies of Szechuen to the Central Authorities, it was generally held that the cause of chaos in the currency of Szechuen lay in the lack of uniform fineness of silver coins; that the fundamental remedy would be to have the Central Bank issue its notes as standard currency, and that the paper notes issued by the provincial banks should be withdrawn from circulation and destroyed within a specified period. Led by this suggestion,

the Ministry of Finance, with the advice of General Chiang Kai-shek, made arrangements for the retirement of the local banknotes and miscellaneous coins in Szechuen. The following rules were promulgated by General Chiang on the 10th September:

1. Commencing from the 15th of September (1935) all public and private transactions in Szechuen shall be made in Central Bank notes as the Standard Currency. Local banknotes shall not be circulated.

2. Commencing from the 15th September (1935), civilians and soldiers in possession of local banknotes may exchange them for Central Bank notes at the ratio of \$10 local banknotes for \$8 Central Bank notes, regardless of what denominations the former happen to be, at the Central Bank Chungking branch, or Chengtu branch, or Wanhien sub-office, and/or other banks and firms entrusted for the purpose by the Central Bank of China. After the 20th November, local banknotes not yet exchanged, shall be considered null and void. Local banknotes retired shall be publicly destroyed by the Central Bank Chungking branch after the corners thereof shall have been cut off.

3. Between the 15th and 20th September, local banknotes not yet exchanged for Central Bank notes may be received at the ratio of \$10 local bank notes for \$8 Central Bank notes.

4. Prior to the 20th September, national and provincial taxes in outlying districts may be paid in local banknotes at the ratio of 10 dollars local bank notes for \$8 Central Bank notes. Tax Collectors shall exchange them for Central Bank notes at the places designated under item 2 before turning the money into the Treasury.

5. Whoever depreciates or forces down the ratio fixed under items 3 and 4 shall be severely dealt with in accordance with military law.

6. A silver coin in circulation in Szechuen, the weight and fineness of which conform to the standard silver dollar coinage regulations, may be exchanged for 1 dollar Central Bank note. Other miscellaneous coins may be exchanged for Central Bank notes according to the actual fineness of silver content, in accordance with the Rules governing the withdrawal and exchange of miscellaneous silver coins as promulgated by the Ministry of Finance."

### Kansu

In discussing the currency situation in Kansu Province, the "Chinese Economic Bulletin" of February 2, 1924, remarks on the confusion of the money market, due mainly to the depreciation of banknotes there. The currency notes were issued by the Kansu Official Bank in taels. In former years they enjoyed so much confidence that sometimes they stood at a premium. Due to a scarcity of silver, the officials later on had to declare a Moratorium on the notes. Then the fiat money started to depreciate until, in the spring of 1923, it stood at only 40% of face-amount.

In the summer of 1923, the Kansu authorities outlined a program for currency reorganization. The banknotes were first redeemed at their market value, i.e. at 40% of face. They were then replaced by a series of dollar notes issued by the Kansu Provincial Bank.

## Industrial Development in China

Following the opening of the National Exhibition of Industry and Communications in Peking last month, the Chinese Communist Party launched another propaganda campaign boasting about the 'leap forward' of China's industrial productivity during the first eight months this year and making vociferous claims of industrial achievements of the past eight years. According to the inveterate New China News Agency, industrial output went up by 47 per cent in terms of value by the end of August this year compared with the same period of 1957. Steel output had increased by 31 per cent while pig iron, electricity and coal registered increases ranging from 37 to 52 per cent.

### OFFICIAL STATISTICS

The Peking Review printed following output figures: (1) Iron and Steel—Output of steel in August was 15 per cent higher than in July; rolled steel, 4.2 per cent more; pig iron 10 per cent up. China's total steel-making capacity was increased by 2.14 million tons in August; 60 per cent more than the aggregate total of January to July. During the first eight months this year, a total of 974 steel-making converters were completed and 240,000 iron-smelting furnaces were built; more than 190,000 furnaces were completed in August. (2) Coal, Crude Oil and Copper—Increases in output in August as compared with July were: coal, 13.3 per cent; crude oil, 14.1 per cent; and copper, 5.3 per cent. (3) Machinery and Equipment—4,400 blowers were turned out in August; more than the total produced during the first seven months this year. 10,000 machine tools of various types were turned out in August; an increase of more than 70 per cent as compared with July. China's output of electricity in August was 100 million kilowatt hours more than in July. Electric generators

with a total capacity of 86,000 kilowatts were produced in August. The aggregate total of electric power generating capacity added during the first eight months this year was 878,000 kilowatts.

The report of the State Statistical Bureau for the month of August records the following major achievements in agriculture, transport and communications and commerce: (1) Food Crops—The total national output of single-crop (semi-late) rice is estimated at more than 56.5 million tons, an increase of over 15 million tons or some 40 per cent over that of 1957. (2) Transport and Communications—Railway freightage in August was 40.3 per cent higher than in the same month last year. The volume of freight handled by inland and sea vessels in August increased by 16.2 per cent over that of August 1957. (3) Commerce—The volume of retail sales in August was 14 per cent higher than in the same month of 1957 and 7.5 per cent higher than in July this year.

### REVISED PRODUCTION TARGETS

Peking further boasts that China's steel output will reach 10,700,000 tons this year, coal 210 million tons and electric power 27,500 million kilowatt hours. The output of machine tools this year is expected to reach 80,000, double the record of 1957. The machine-building industry claims that it can now turn out equipment to meet most of the needs of the national economy with the exceptions of extremely heavy machinery and high precision instruments.

Other revised 1958 output targets include: cement 10 million tons, 47 per cent more than in 1957; timber 35 million cubic metres, 26 per cent higher; cotton cloth 6,300 million metres, 26 per cent more.



### INDUSTRIAL ACHIEVEMENTS

Although Peking's production figures are very much exaggerated, China's success in industrial development during the past eight years is impressive. Among the products displayed at the Exhibition are: (1) a big vertical lathe which can process jobs up to 2.3 metres in diameter; (2) a gear grinding machine and an induction positioning jig boring machine of high-precisions; (3) an electronic copy milling machine performs complex jobs automatically; (4) a 4-spindle automatic lathe; and (5) an automatic internal centreless grinding machine with a maximum speed of 12,000 revolutions per minute.

Exhibits in the Hall of Atomic Energy show that China has entered the atomic age with Russian aid. Earlier this year, China's first atomic reactor with thermo power ranging from 7,500 to 10,000 kilowatts built with Russian help was commissioned. A model of the Sanhsia (the 3 gorges) hydro-electric power station on the Yangtse River is on display in the Hall of Electric Power. This station has a total capacity of 22 million kilowatts. A model of a prototype plant that employs the method of dry distillation of oil shale is on display in the Hall of Petroleum. Also on display are a 700 mm blooming mill, a model of 2,500-ton hydraulic press, a 1,200-metre drill, a 3-cubic-metre electric shovel, steam and electric

locomotives, trucks, sedans and tractors.

Consumer goods on display include fabrics in brilliant colours, perfumed cotton prints, wrist watches, cameras, plastics, radios and television sets. These exhibits however are not played up as in the case of heavy industrial items.

### THE SHORT CUT

Peking's problem now is not only to produce imitations of all the items which the highly developed western industries are making but also to catch up with western standard in quality and quantity. The Chinese Communist Party can achieve this by adopting a peaceful policy in its relationship with the West. Military spending can then be cut to a minimum and the resources of the country can be concentrated on industrial development. The transition, however, can be very slow especially when demand for consumer goods increases with the growth of the population. Furthermore, Peking's monomania of anti-capitalism rules out the possibility of reducing its military budget. Peking therefore takes a short cut. Its current policy is to avoid a major war but to create constant outside tension in order to justify (1) its huge military expenditure and (2) its intensified exploitation of its people—demanding higher productivity while at the same time curtailing the supply of consumer goods.

## Japan's Great Undersea Tunnel

Japan's giant Kanmon Tunnel, which has opened up a new link between Honshu, Japan's main island, and the island of Kyushu to the south, marks one of the most dramatic steps forward in overcoming the elementary geographical handicap of Japan's being not one unbroken land mass but a collection of islands divided by capricious seas. The new tunnel runs from Shimonoseki on Honshu to the port of Moji on Kyushu. It is 11,245 feet long and is the second biggest undersea tunnel in the world after the 15,000-foot Mersey Tunnel in Britain. It took 21 years and 4,500,000 man days to build and cost more than \$28 million. About 120,000 tons of steel and 67,000 tons of cement went into its construction. More than 14,500,000 cubic feet of earth were excavated.

The need for a tunnel or bridge to span the narrow but often treacherous Kanmon Straits between Honshu and Kyushu was recognized as long ago as 1911, when Count Shimpei Goto, then president of the Japan National Railways, urged that a tunnel should be bored under the sea to give easier access to the rich industrial resources of northeast Kyushu.

His suggestion was dismissed as impractical. The tunnel would cost far too much, and there were other more immediate, and less costly, projects on which the money could be more profitably spent, he was told.

Nothing happened for nearly 20 years. By 1929, the growing scale of Japanese industry made it all the more desirable to find a way to eliminate the difficulties, delays, and expense involved in ferrying Kyushu's coal and iron across the Kanmon Straits to feed the nation's hungry industries. Influential businessmen in Tokyo and Kansai formed a corporation and opened negotiations with the Government for the construction of a tunnel between Shimonoseki and Moji.

Again nothing happened. The slump intervened, and the project was dropped because of a lack of money.

As Japan's militarists began to take over in the 1930's, the paramount consideration in national policies became, of course, strategic. The Government, which earlier had been unwilling to recognize the economic advantages of providing a link between Honshu and Kyushu, came to appreciate its military advantages. In 1932 it appointed a commission of experts to design and build a suspension bridge across the Straits.

At this point, the project ran into an odd, but intractable barrier. The Imperial Navy took one look at the plans and vetoed them on the spot.

"Our warships bear the Imperial Crest. It is absolutely unthinkable that anyone should look down from the bridge onto the Imperial Crest below them."

In the days when the militarists were encouraging the myth of the Emperor's divinity, this argument was final. The plans for the suspension bridge were scrapped.

The outbreak of fighting in China added a new urgency to the project a few years later, and in 1933 a survey was finally started for the construction of a tunnel. Engineers bored a trial tunnel 5,000 feet long, and this was used as the core of the tunnel proper when full-scale work began in 1939.

The work was difficult and fraught with perils. These dangers took their toll. A total of 53 men were killed in cave-ins and other accidents while the tunnel was being bored. The ceiling often collapsed. After one particularly bad cave-in, there was only a perilous ten feet of earth between the sweating construction workers and the sea above their head. As they toiled to repair the damage and reinforce the tunnel ceiling, they were in danger each minute of being engulfed by the sea should that ten feet of earth collapse.

One 400-foot section on the Honshu end was constantly caving in because of a geological flaw. This one section alone took two years to complete.

The most difficult phase of the project ended in 1942, when the 2,575-foot section directly under the sea was completed.

A few months before the war halted further work, a parallel railway tunnel running under the Straits about two-and-a-half miles to the east was completed providing the first "dry" link between Kyushu and Japan's main island.

The new road tunnel is remarkable not only for its length but for the complexity of the machinery and gadgets used to control the ventilation, temperature, and traffic. This machinery is controlled from a master panel, where flashing lights and warning buzzers give instant reports of any accident or breakdown. The network of machinery is so complete that only ten people are needed to operate the tunnel.

Now that they have completed the Kanmon Tunnel, Japan's engineers are beginning to turn their attention to an even greater challenge. Their dream: to bridge the waters of the Inland Sea across to the island of Shikoku in the east and to bore a second, even longer tunnel under the sea to Hokkaido in the north, making Japan at last what geography failed to make it—a single land undivided by the sea.



# SARAWAK

Sarawak consists of a coastal strip, 450 miles long and varying from 40 to 120 miles wide, on the north-west coast of Borneo. It is a tropical country and is divided into three main zones: an alluvial and swampy coastal plain; an area of rolling country intersected by mountain ranges; and a mountainous region in the interior. The highest peak is Murud (7,950 ft.). Many of the rivers are navigable for considerable distances, notably the Rejang and the Baram. Tropical rain forest covers nearly three-quarters of the land area. Much of it will remain inaccessible until communications are extended.

**Area:** Approximately 47,000 square miles.

**Climate:** Tropical, influenced by monsoons. Day temperature averages 85°F., with little variation. Average annual rainfall 150 inches, with heaviest rains between October and March.

## Population

633,000 (end of 1956 estimate)

Sea Dayak (or Iban) .....	198,000
Chinese .....	190,000
Malaya and Melanau .....	155,000
Land Dayak .....	50,000
Other indigenous races .....	31,700
Other non-indigenous races .....	8,200

**Main Religions:** Moslem, Buddhist, Pagan, Christian.

**Languages:** English, Chinese and Malay; Iban and a number of other indigenous languages.

**Capital:** Kuching (population 56,000).

Other towns:	Population
Sibu .....	20,000
Miri .....	11,000
Limbang .....	3,600
Simanggang .....	3,200

## Important Dates

From the 15th until the early part of the 19th century Sarawak formed part of the Sultanate of Brunei. About 1839 revolt broke out among the Malays and Land Dayaks of Sarawak against the oppressive rule of the Sultan's viceroy. At the request of Brunei, James Brooke, an Englishman who had come to Sarawak to explore the country and study its people, intervened in the dispute and succeeded in bringing about a settlement.

1841: In recognition of his services James Brooke was installed by the Sultan of Brunei as Rajah of part of the territory which now forms Sarawak.

1850: Sarawak was recognised as an independent State by the United States of America.

1861: The Sultan of Brunei ceded further lands.

1864: Britain recognised Sarawak as an independent State.

1868: James Brooke died and was succeeded by his nephew, Charles Brooke.

1882, 1885, 1890, 1905: Further lands acquired, some by cession, some by annexation at the request of the inhabitants and some by purchase, and from the British North Borneo Company.

1888: British protection accorded to Sarawak.

1917: Sir Charles Vyner Brooke succeeded his father as Rajah.

1941: To mark the centenary of Brooke rule, the Rajah enacted a new constitution representing the first stage towards democratic self-government. Economically, the State was on a sound footing, with large financial reserves.

1942 1945: Japanese occupation.

1946: The Rajah resumed administration. It was, however, evident to him that greater resources than he could command would be necessary to restore the country to its former prosperity, and he considered it best for Sarawak to come under the British Crown. A Bill to this effect was passed by the Council Negri in May 1946, and an Order-in-Council, establishing the Colony of Sarawak, came into force in July of the same year.

1956: New constitution promulgated providing for an elected majority in the legislature.

## Government

**Present Status:** Colony.

**Constitution:** The Constitution Ordinance grants legislative and financial jurisdiction to the Council Negri, and provides for a Supreme Council, to be consulted by the Governor on all important matters. All powers formerly conferred on the Rajah-in-Council are now vested in the Governor-in-Council.

**Legislature:** Under the new constitution promulgated in August 1956, which came into force on 1st April, 1957, the Council Negri consists of not more than 14 ex officio members, 24 elected members, 4 nominated members, and 3 standing members. The standing members are those who, being indigenous members of the Council Negri immediately prior to the cession, were granted life membership until resignation or ceasing to be members of the Sarawak Civil Service.

**Executive:** The Supreme Council consists of 10 members, 5 of whom are elected by the elected members of the Council Negri from among the elected, nominated and standing members of that Council by secret ballot.

**Electoral System:** A three-tier system of indirect election links the elected members of the Council Negri with the people, through the various levels of local government. District Councils, elected by the people by secret ballot or by traditional methods, elect from their own numbers, the members of five Divisional Advisory Councils. These in turn, together with the Kuching Municipal Council and the Sibu and Miri Urban District Councils, form electoral colleges to elect, by secret ballot from amongst their numbers, the elected members of the Council Negri.

**Local Government:** Under a Local Authority Ordinance of 1948, 24 local authorities have been formed, covering practically the whole country. The former separate authorities for the various races have all been replaced by non-communal councils. Kuching has had a fully-elected Municipal Council since November 1956 and Sibu has had an Urban District Council composed of 20 elected members and 1 ex officio member since December 1957.

**Local Forces:** The Sarawak Rangers, composed of Ibans who have volunteered for military service outside the British Borneo territories. A unit of the corps is now on active service in Malaya.

## Economy

Apart from oil refining, the economy is almost entirely agricultural. The principal export crops are rubber and pepper and there is also a considerable export trade in timber. Padi is the main crop for local consumption. Petroleum, the largest item in Sarawak's trade, is mainly imported from Brunei for refining and re-export. Local production is comparatively small, 70,000 tons in 1954, 65,000 tons in 1955 and 70,000 tons in 1956. Rivers are the traditional means of transport and economic development has been hindered by the lack of other communications and hence the inaccessibility of much of the country.

## Communications

**Sea and Rivers:** These are the chief means of surface communication within and around the Colony. There are regular steamship services between Singapore and the ports of Kuching, Sibu and Miri.

**Roads:** 120 miles gravelled or hard; 80 miles metalled; 280 miles earth (dry weather).

**Air:** Airports at Kuching and Sibu are served by Malayan Airways Ltd. on the Singapore-North Borneo route. There are feeder service airfields at Lutong and Bintulu, and one at Simanggang was completed in 1957. Five other airfields are planned.

**Telecommunications:** There are automatic telephone exchanges in Kuching and Sibu and 30 VHF radio/telephone stations in the territory. A trunk telephone system links Kuching, Sibu and Miri. At the end of 1956 there were 1,750 telephones.







Resources and Trade:

Products for Local Consumption: Rice, sago, coconuts, maize, fruit, vegetables, pigs, fish and tobacco.

Export Products:	1938	1956
Rubber . . . . . tons	17,988	41,234
\$M'000	7,969	68,635
Pepper . . . . . tons	3,013	19,818
\$M'000	634	24,610
Timber . . . . . tons	n.a.	197,089
\$M'000	38	19,064
Petroleum . . . . . 000 tons	897	5,579
\$M'000	11,385	356,446

n.a.=not available.

Other export products include: sago flour, copra, jelutong (the base for chewing gum) and illipe nuts.

Main Imports: Oil (from Brunei, for re-export), food-stuffs, textiles, tobacco, beverages, manufactured goods, machinery and transport equipment.

Value of Trade:	\$M'000
	1938                      1956
Imports . . . . .	22,372                      463,886
Exports . . . . .	26,135                      487,000

Co-operatives: At the end of 1957 there were 154 registered co-operative societies, including 60 credit societies, 38 padi savings and 24 padi milling societies, 23 consumer stores, 4 marketing societies (including a central bank with 119 member societies) and 3 miscellaneous societies.

Industries: Oil refining is the only major industry. Many small factories processing local products include: padi mills, rubber smoke-houses, sago factories, sawmills, match, cutch, vegetable oil and jelutong factories, three distilleries (using the sap of the nipah palm), brickworks and lime factories.

Mineral Resources: Oil, gold, phosphates, clay, stone, limestone and bauxite are worked. There are known to be extensive deposits of coal.

Power: The major source of public electricity is the Sarawak Electricity Supply Co., Ltd., a Government-owned limited liability company, which operates 16 stations throughout Sarawak. The total installed capacity at 30th June, 1957 was 5,881 kW and in the year ended 30th June, 1957, 9,259,542 kWh were sold. At Miri a supply of natural gas from the oilfields is available.

Finance:

Currency: Notes and coins issued by the Board of Commissioners of Currency, Malaya and British Borneo. The Malaysian dollar is tied to sterling at 2s. 4d.

Banking: The Chartered Bank has branches at Kuching, Sibü and Miri and there are a number of Chinese banks, a Post Office Savings Bank, and a co-operative central bank. (See under Co-operatives above).

Budget:	\$M'000
	1938                      1955                      1958*
Revenue . . . . .	4,262                      49,775                      50,201
Expenditure . . . . .	4,272                      34,432                      50,121

\* Estimates produced in new form. Figures refer to Recurrent Budget only.

Customs duties are the principal source of revenue.  
Development Plan 1955-60: Estimated total cost \$M170.8 million divided as follows:

	\$M'000
Agriculture . . . . .	14,174
Forestry . . . . .	705
Fisheries . . . . .	608
Communications . . . . .	72,828
Fuel and Power . . . . .	9,717
Education . . . . .	18,314
Medicine and Health . . . . .	20,956
Miscellaneous . . . . .	16,329

The provision for communications is to be spent on roads, port development, aviation, waterways and tele-communications.

The Plan is to be financed by UK Colonial Development and Welfare grants, local revenue, appropriations, accumulated surplus balances, loan funds and Sematan Bauxite Ltd.

Other Development: Industrial development is mainly in the hands of private enterprise, notably the oil industry, which is pursuing its search for oil off the coast and in the land areas of the Colony.

Labour: The principal occupations are: subsistence agriculture, rubber, pepper and sago production, oil refining, sawmilling and logging.

At the end of 1956 there were 29 registered trade unions, with total membership of 5,618.

Legislation covers such matters as the employment of women and children, hours of work, health conditions, the age of admission to employment, medical treatment, written contracts, notice pay and conditions of extraterritorial recruitment.

There is no unemployment and there is some immigration of labour.

Health: 1957                      Social Services

7 hospitals, with 1,432 beds
1 leprosarium
1 urban health centre
27 static dispensaries
17 travelling dispensaries

In addition there are 7 maternity and child welfare clinics in Kuching, 5 in Sibü and others throughout the country.

A large, new mental hospital is being built in Kuching, and the hospitals at Sibü and Simanggang are being expanded. About 100 local girls are being trained as midwives. Maternity work is being helped by the free issue to mothers and school children of skimmed milk provided by UNICEF.

Vital Statistics:	1950	1956	
Birth rate . . . . .	22.2	25.2	per 1,000
Death rate . . . . .	11.1	6.5	per 1,000
Infant mortality rate	132.3	72	per 1,000 live births

Principal Diseases: Malaria, yaws, tuberculosis, trachoma. An extensive malaria eradication project has started and it is planned to extend this to the whole country. An anti-yaws campaign was initiated in 1955.

Government Expenditure on Medical Services:

	\$M'000
	1947                      1953                      1955                      1958 (estimate)
	971                      2,882                      3,733                      5,617

Education: In 1957 there were 715 schools with 79,200 pupils, of whom 7,993 were in secondary classes. Schools are run by the Government, local authorities, missions, Chinese committees of management, and village school committees. Most schools in the country are now receiving grants-in-aid from Government under a scheme which came into force on 1st January, 1956. As a result of the scheme, school fees have been reduced and more schools opened, and enrolment increased by more than 30,000 in 1957. A Teacher Training Centre at Batu Lintang near Kuching trains teachers for all types of schools. A training centre for teachers in Chinese schools was opened in February 1957. The adult classes conducted in Kuching by the Sarawak Council for Adult Education continue to attract large numbers.

About 132 Sarawak students are studying overseas, mainly under scholarship schemes financed by the Sarawak Government, UK Colonial Development and Welfare funds, or the Australian and New Zealand Governments under the Colombo Plan.

Government and Local Authority Expenditure on Education:

	\$M'000.
	1947                      1955                      1957                      1958 (estimated)
	235                      1,985                      5,639                      6,720



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## RATING & VALUATION

### REVENUE FROM RATES

The net revenue from rates for the year was \$65,159,092 made up as follows: Hongkong Island, \$35,486,170; Kowloon & New Kowloon, \$28,951,836; New Territories, \$721,086. This was over \$8 million more than the year before. The revenue each year from 1946 was as follows:

1946-1947	\$ 6,826,649	(11 months)
1947-1948	9,984,660	
1948-1949	14,984,710	
1949-1950	19,286,843	
1950-1951	27,253,352	
1951-1952	30,074,598	
1952-1953	33,891,832	
1953-1954	37,614,897	
1954-1955	39,545,087	
1955-1956	49,769,806	
1956-1957	56,706,452	
1957-1958	65,159,092	

### COLLECTION OF RATES

Rates are collected quarterly in advance. There is provision for adding a surcharge of five per cent of the amount of any rates in default, that is, not paid during the first month of the quarter. This surcharge was first applied in 1951-1952 and since then receipts have been:

Year	Surcharge	% of Total Collection
1951-1952	\$ 73,263.92	0.244
1952-1953	53,274.98	0.157
1953-1954	66,123.81	0.176
1954-1955	69,723.25	0.176
1955-1956	82,624.47	0.166
1956-1957	101,142.18	0.181
1957-1958	117,605.87	0.183

### BUILDING DEVELOPMENT

1957-1958 was another year of great activity in private building as evidenced by the number of buildings which figured in applications to tenancy tribunals for exclusion from the further provisions of the Landlord and Tenant Ordinance which otherwise generally restricts recovery of possession of premises built before the war. Such applications are supported with details of the type and extent of the re-building which is contemplated if the applicant succeeds in obtaining exclusion, and any recommendation has to receive the approval of the Governor in Council. During the year 86 Exclusion Orders relating to approximately 345 buildings were issued compared with 84 orders and 230 buildings the year before. The compensation awarded to tenants about to be dispossessed was

The Government Information Service operates 4 mobile cinemas and many reading rooms throughout the country.

**Community Development:** Since 1949 a number of community development projects have been initiated in rural areas and are making excellent progress.

**Broadcasting:** 'Radio Sarawak', the Government broadcasting service with headquarters in Kuching, broadcasts in English, Malay, Chinese, and Iban.

At the end of 1957 there were 24,000 registered radio receivers with an estimated average of 5 to 8 listeners per set. When extensions, expected to be completed in 1958, have been completed, priority will be given to increasing educational broadcasting and, as soon as possible, to broadcasting to schools within school hours.

**Welfare Service:** A Central Welfare Council allocates government funds to projects throughout the country, including youth clubs, homes for children and old people, a hostel for country people who come to Kuching for medical treatment, and training of the handicapped.

**Housing and Resettlement:** Low-cost housing or resettlement schemes have been completed in Kuching, Sibul and Miri.

\$9,419,611, apart from some instances of leases in new buildings being agreed at rents below the market level as a measure of compensation. The corresponding amount awarded in 1956-1957 was \$4,604,760. Thus, in order to provide sites for new buildings more old buildings were cleared away and it would seem their tenants received proportionately more than a year ago for being deprived of their tenancies. This would seem to follow the continuing upward trend in land values noticeable throughout most of the year, since, as stated in previous reports, compensation should be viewed in relation to the enhanced value of land arising from its release for redevelopment.

Although land values rose to a new peak this was accompanied by the rather peculiar phenomenon of a fall in the rents of certain classes of new premises. This is related to the more intensive development of sites, especially the higher building which now takes place. The lowering of some rents was in contrast to the fancy figures obtained only a few years ago when, although the aggregate expenditure on new building work was not very different from now, the expenditure on individual developments was smaller. Against this there has been no marked change in rents since the war where landlords have followed a conservative policy for investment purposes in contrast to the short term outlook of the speculator. While many new building schemes ran into millions of dollars, much small scale re-development also took place.

### COST OF NEW BUILDINGS

The cost of private building work during the year amounted to \$182,239,211, another record, which brings the total for the eight financial years from 1st April, 1950 to over \$1,000 million:

1950-1951	\$ 120,738,054
1951-1952	68,637,700
1952-1953	146,112,366
1953-1954	71,228,902
1954-1955	90,145,366
1955-1956	173,723,415
1956-1957	155,936,735
1957-1958	182,239,211

Total for 8 years ..... \$1,008,761,749

As these figures are compiled from returns generally received at varying intervals after completion of the building work, the details in some cases relate to the year building is finished while in others they are entered up the following year. As a rule variations of this kind cancel themselves out, but with large buildings taking many months to complete compilations of cost some time afterwards can produce a distorted effect in the year by year totals—one year being inflated at the expense of the year before. In the aggregate, however, the figures are correct and to apportion the cost to the actual periods of construction would be a complicated task because of the different speed at which building work progresses. The total of \$1,008,761,749 does not include the New Territories except for New Kowloon. This private investment in new buildings, which includes expenditure on site formation but not the value of the land developed, has been distributed over the last eight years as follows: Hongkong Island 53.7% (Victoria 27.8%, Outside Victoria 25.9%); Kowloon & New Kowloon 46.3%. The expenditure during the year was 53.5% in Kowloon including New Kowloon, bringing Kowloon's share of eight years' expenditure to 46.3% compared with 45% the year before and 43% the year before that.

### OLD AND NEW BUILDINGS

Buildings are popularly classified as old or new according to whether they were built before or after the war, though some war-damaged buildings so extensively reinstated as to take them out of rent control are also readily regarded as being new. Details listed below are based upon a classification of all tenement-type buildings by floors, flats, houses and those self-contained units of domestic accommodation not quite large enough to be called a flat or floor, (no account was taken of hotels, schools, factories and so on, nor of domestic buildings

not of a permanent character and all government premises including the large resettlement blocks were excluded):

	Old Buildings		New Buildings	
	31.3.57	31.3.58	31.3.57	31.3.58
Hongkong Island				
Victoria	77%	73%	23%	27%
Outside Victoria	36%	30%	64%	70%
Kowloon	54%	47%	46%	53%
New Kowloon	55%	48%	45%	52%

These figures illustrate the fairly rapid change from old to new, a change which is accelerated by the fact that most new development involves the demolition of old structures and results in a greater number of new floors or storeys. This swing in the past year has resulted in more buildings in Kowloon and New Kowloon being new than old. But if buildings were classified as old or new without regard to the amount of accommodation they provide, then the above percentage would not indicate such a high proportion of new construction.

UNOCCUPIED BUILDINGS

At the end of the year the number of empty domestic floors or flats in new buildings ready for occupation was 1,150 compared with 1,192 a year before. This figure is based on new buildings which had been certified for occupation at the beginning of March 1958. It does not include old buildings empty pending demolition, garages, non-domestic premises such as offices, but it includes ground floors which while likely to be used as shops are in buildings mainly domestic in character. Flats, temporarily empty, at the Housing Authority's North Point Estate are also excluded. The total is small in relation to the extensive programme of private building work. Floors in tenement buildings are usually slow in filling up during the first two months after they are ready, but by the end of six months comparatively little remains unoccupied. Medium-sized or small Western-style flats become occupied at a somewhat

faster rate than tenement floors, often being booked well ahead of completion or even commencement of building in some of the so-called skyscraper apartment blocks. There was little or no vacancy in the new office blocks in the centre of Hongkong (in Victoria), but the demand for such accommodation a little removed from the centre of the city was not so keen. It is difficult to say whether or not the demand for office accommodation has been met. Some new buildings have vacant space while the owners of others in the planning or construction stage have requests for office accommodation far in excess of what is being put up. Much new development absorbs tenants moving out from elsewhere to make way for further building so that the net gain is reduced, but during the year there was a very substantial new contribution to office accommodation in Hongkong Island. This was probably greater than in any year since the war and the pressure on office space has been considerably eased.

PROPERTY TAX

Property Tax under the Inland Revenue Ordinance which is charged at half the standard rate of tax rate on rateable value less an allowance of 20% for repairs and outgoings, corresponding to a net 5% of the rateable value, showed a gross revenue during the year of \$18,851,168 compared with \$16,645,369 the year previously. 485 separate valuations were made in cases where apportionment of rateable value was required in connexion with property tax. Property Tax is not at present charged in respect of property in the New Territories other than New Kowloon.

VALUATIONS

In connexion with the sale and transfer of real estate, the number of valuations made was 7,161 compared with 5,934 in the previous year. The total capital value involved in these transactions was \$462,563,383 compared with \$358,423,922 in 1956-1957 indicating another year of heavy dealing in property.

Cost of Building Work During the Period 1.4.57—31.3.58

Month	HONGKONG ISLAND				KOWLOON & NEW KOWLOON				TOTAL	
	Building	City of Victoria Site Work	Building	City of Victoria Site Work	Building	Site Work	Building	Site Work		
	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$
Apr. 1957	10	665,535	5,000	21,999,780	195,299	216	3,985,860	22,000	247	6,873,474
May	282	9,877,121	12,000	51,510,295	125,500	112	9,470,564	72,250	445	24,707,730
Jun.	24	5,461,460	20,000	17,121,4129	85,940	72	5,717,601	219,408	113	12,718,538
Jul.	42	3,479,216	233,844	16,604,370	—	128	7,357,805	86,858	186	11,762,093
Aug.	19	2,628,031	100,000	38,2336,914	27,586	60	4,698,210	228,804	117	10,019,545
Sept.	9	395,700	—	23,1507,047	950	120	9,023,527	261,648	152	11,188,872
Oct.	37	3,053,900	220,000	18,2315,160	8,603	77	15,946,430	463,356	132	22,007,449
Nov.	15	6,439,920	28,000	21,2451,383	293,394	144	9,829,920	171,608	180	19,214,225
Dec.	17	6,380,542	398,511	26,5733,023	100,000	85	7,623,068	166,607	128	20,401,751
Jan. 1958	23	2,144,837	13,514	29,2895,931	265,500	93	7,399,132	211,501	145	12,900,415
Feb.	13	1,112,018	12,905	24,5317,512	106,040	77	7,976,405	147,627	114	14,672,507
Mar.	31	1,704,740	28,000	53,7201,447	416,328	94	6,061,266	360,831	178	15,772,612
Total	522	43,313,020	1,071,744	337,38,726,991	1,625,140	1,278	95,089,788	2,412,498	2,137	182,239,211

Cost of Building Work During the Eight Years 1950-51 to 1957-58

Year	(1) Factories and Godowns	(2) Offices and Shops	(3) Houses and Flats	(4) Others (See Note)	Total	Categories expressed as a Percentage of Total Cost			
	\$	\$	\$	\$		(1)	(2)	(3)	(4)
1950-51	15,029,448	21,379,050	59,381,524	24,948,032	120,738,054	12.45	17.71	49.18	20.66
1951-52	9,840,026	3,730,569	41,391,852	13,675,253	68,637,700	14.34	5.44	60.30	19.92
1952-53	7,981,665	34,545,690	75,205,739	28,379,272	146,112,366	5.46	23.65	51.47	19.42
1953-54	6,507,320	6,991,137	46,444,209	11,286,236	71,228,902	9.13	9.82	65.20	15.85
1954-55	8,464,862	6,208,297	48,802,281	26,669,926	90,145,366	9.39	6.89	54.14	29.58
1955-56	13,028,769	3,466,039	129,277,678	27,950,929	173,723,415	7.50	1.99	74.42	16.09
1956-57	11,160,802	19,647,061	102,852,816	22,276,056	155,936,735	7.16	12.60	65.96	14.28
1957-58	12,020,176	12,756,828	134,014,001	23,448,206	182,239,211	6.59	7.00	73.54	12.87
Totals (8 years)	84,033,068	108,724,671	637,370,100	178,633,910	1,008,761,749	—	—	—	—
Average per year	10,504,134	13,590,584	73,671,263	22,329,238	126,095,219	8.33	10.78	63.18	17.71

NOTES: The figures do not include Government expenditure.

Cost of site formation is included but not the value of the land built upon.

The figures are compiled as returns of cost are received which usually is sometime after completion of the work.

The column 'Others' relates to items such as: Garages, Piers, Wharves, Hangars, Hospitals, Schools, Club-houses, Churches, Theatres, Public Utilities, etc., etc.



### Total Rateable Values

District	1.4.41	1.4.50	1.4.52	1.4.57	1.4.58
HONGKONG:	\$	\$	\$	\$	\$
City of Victoria	24,912,338	68,089,130	84,279,693	128,978,287	145,270,176
Outside Victoria	4,919,626	17,815,382	27,973,203	56,534,195	63,278,695
KOWLOON:					
Kowloon	10,968,154	37,959,635	49,063,223	98,770,230	113,828,215
New Kowloon	3,415,185	12,637,625	21,478,287	43,511,815	52,474,995
HONGKONG	67.5%	62.9%	61.4%	56.6%	55.6%
KOWLOON	32.5%	37.1%	38.6%	43.4%	44.4%

### POSTAL SERVICES

The total number of letters and packets posted and delivered, excluding parcels, registered and insured items, amounted to 133,254,748, an increase of 3.7% over the preceding year—printed papers being responsible for the major portion of the increase. There was a slight decrease in the number of undelivered letters referred to the Dead Letter Office, the total for the year being 341,452 as against 344,850 recorded in 1956/57.

### SURFACE MAILS

The direct mail service to Egypt, which was suspended at the beginning of the year, was resumed on 20th May, 1957. As a result of additional accommodation becoming available during the year direct first and second class surface despatches were formed to the following countries: Belgium, Holland, Denmark, Germany, Norway and Sweden. Due to lack of space for additional sorting equipment it had previously been necessary to route the correspondence for these countries via London or elsewhere. The formation of direct despatches has resulted in accelerated transmission. Direct closed surface despatches to Cambodia and Laos were also inaugurated in February, 1958.

### AIR MAILS

Airmail services continued to expand and the estimated number of items posted showed a record number at 14,891,674 as compared with 14,616,208 in 1956/57. Direct air despatches were introduced to Darwin, Laos and Cambodia.

### CHINA MAILS

The Railway remained as the main medium for the circulation of mails to and from the China Mainland and the number of bags handled exceeded 100,000, the actual number being 100,028. This showed an increase of 5,538 over the number handled in 1956/57. The Canton/Hongkong route is still extensively used by the U.S.S.R. as a main outlet for all destinations in the Far East. 75,468 bags were received in transit as compared with 70,972 bags in 1956/57, showing an increase of 4,496 bags.

### PARCEL POST

There was a decrease in the number of surface parcels posted to most destinations, the figure of 723,536 being 16,250 below that for 1956/57. Parcel post facilities were introduced at the Shau Kei Wan, Ma Tau Wai and Sheung Wan Post Offices with the latter office accepting parcels of all categories, including insured and C.O.D. (air and surface) items. During the year the first direct surface parcel despatches were made up on the respective offices of exchange of Brussels Entrepôt, Copenhagen, Iraq, Chiasso 2, Nauru, Kuwait, Bahrain and Djakarta. Direct air parcel despatches were also made up on Rangoon, Brussels Entrepôt, Frankfurt, Dacca, Tel Aviv, Indonesia, Prague and Brazil.

### REMITTANCE SERVICES

Money Order transactions totalled 19,820 valued at \$2,810,127 as against 18,930 valued at \$2,595,891 in 1956/57. A service with Taiwan was opened on 1st November, 1957, whilst the service with India was suspended in August, 1957. Postal Order transactions numbered 148,315 valued at \$5,116,135 as against 124,487 valued at \$2,749,520 in the previous year. The heavy increase is due to the increasing popularity of the \$3, \$4, and \$5 denominations. The combined total of \$7,926,262 in respect of Money and Postal Order transactions exceeded the 1956/57 figure by over \$2,500,000.

### MISCELLANEOUS

The opening of new branch offices at Ma Tau Wai, Shau Kei Wan and North Point, and the housing of a new Sheung Wan Post Office in the Telephone Company's Western Exchange Building marked the outstanding events of the year for the Department.

## RADIO LICENCES

The total number of licences of all kinds in force at 31st March, 1958, was 66,801 of which 66,134 were Broadcast Receiving Licences, showing an increase of 5,558 as compared with the number of licences in force at the end of March 1957.

During the year a franchise was granted by Government to Rediffusion Limited to operate a Wired Vision Service. The service was brought into operation on the 29th May, 1957, and Royalties for the period ending 31st March, 1958, amounted to \$27,768.50. Royalties received by Government from Rediffusion Limited for wired sound totalled \$913,684.50, an increase of \$61,527.50 over the previous year.

Government called for tenders for the operation of a Commercial Broadcasting Station during the year. The station had not yet been brought into operation by the successful applicant at the end of the year under review. Separate English and Chinese programmes will be maintained by the station.

### SUMMARY OF LICENCES ISSUED

Licences	Number Issued
Radio Dealers	376
Ship Wireless Stations	129
Ship Wireless Stations (Duplicate)	2
Schools	5
Experimental Wireless Stations	8
Press Receiving Stations	14
Amateur Wireless Stations	36
Radio Distribution Licences	1
Aircraft Wireless Stations	9
Private Business Wireless Stations	28
Teletype Wireless Stations	3
Import and Export Permits	17
Duplicate P.M.G. Certificates	2
Broadcasting Receiving Stations (Non-Chinese)	3,486
Broadcasting Receiving Stations (Chinese)	62,648
Broadcast Receiving Stations (Duplicate)	37
	<hr/> 66,801

## TELECOMMUNICATIONS

### TELEPHONES

The internal telephone system of the Colony is provided by the Hongkong Telephone Company Limited, a Public Company operating under statutory control. A radiotelephone service is available to most parts of the world, in co-operation with Cable & Wireless Limited. The telephone system is fully automatic and service is provided from five major exchanges of which three are located in Victoria and two in Kowloon. In addition, service to outlying areas, including the New Territories, is provided by a number of automatic satellite exchanges. In 1957 a new major exchange of 12,000 lines to serve the Western area of Victoria was brought into service, together with a 600 line exchange in Aberdeen. Equipment was ordered for two new major exchanges to be built in Mong Kok and Kowloon City, of 7,000 and 8,000 lines respectively. These exchanges are scheduled for completion in December 1959. Apart from the new major exchange in the Western District, a number of extensions were installed during the year to existing major exchanges. The Company's system now comprises some 54,000 direct exchange lines and 22,000 extensions, making approximately 76,000 stations. Charges remained amongst the lowest in the world, at HK\$300 per annum for a business line and \$225 per annum for a residential line, local calls being unlimited in number and free of charge.

### OTHER COMMUNICATIONS

Cable & Wireless Limited are responsible for all telegraph and radiotelephone services between Hongkong and countries overseas, for telegraph and radiotelephone services with ships at sea and for a V.H.F. radiotelephone service with ships in Hongkong harbour. In addition, they maintain the internal telegram service. The Company is also responsible for the technical maintenance of the Colony's aeradio and meteorological radio services, the Government broadcasting service and the V.H.F. communications of various Government departments. The despatch, reception and relaying of telegrams is the Company's principal business. The number of telegrams handled,

including those in transit, is approximately 2,500,000 a year. The telegraphic communications of the Colony are well served by several deep sea cables linked to the Company's world-wide network of 142,500 miles of submarine cables and by 16 direct, high speed, wireless telegraph circuits working with other centres in the Far East and beyond. During the year one new radiotelegraph circuit was opened to Okinawa.

The overseas radiotelephone services, worked in collaboration with the Hongkong Telephone Company Limited, continued

to expand. During the year new services were opened with Kenya and Portugal. Relay services via Hongkong were opened between Okinawa/Bangkok and Okinawa/Seoul. The existing telephone schedules to some places were extended in length. The Company's 'harborfone' service continued to be extensively used. Any ship within the harbour can be fitted with a V.H.F. radio-telephone installation on hire, giving direct connexion between ship and ship or between ship and any subscriber on the Hongkong telephone exchange.

## HONGKONG'S TRADING PARTNERS IN 1957

### PART XII

SWITZERLAND			
DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$	
Meat and meat preparations ..	21,450	160	
Dairy products, eggs and honey	123,372	—	
Fish and fish preparations ....	—	850	
Cereals and cereal preparations	1,820	1,243	
Fruits and vegetables .....	101,367	34,874	
Sugar and sugar preparations	193,810	—	
Coffee, tea, cocoa, spices and manufatures thereof .....	235,048	6,753	
Miscellaneous food preparations	127,776	4,918	
Beverages .....	17,976	1,834	
Textile fibres and waste .....	—	32,780	
Animal & vegetable crude materials, inedible, n.e.s. ...	2,876	104,507	
Chemical elements and com- pounds .....	1,756,821	40,267	
Dyeing, tanning and colouring materials .....	6,197,732	—	
Medicinal and pharmaceutical products .....	2,455,138	—	
Essential oils and perfume materials; toilet, polishing and cleansing preparations ....	93,573	—	
Explosives and miscellaneous chemical materials and pro- ducts .....	280,585	—	
Leather, leather manufactures, n.e.s., & dressed furs .....	18,452	—	
Wood and cork manufactures (excluding furniture) .....	—	7,667	
Paper, paperboard and manu- factures thereof .....	330,995	—	
Textile yarn, fabrics, made-up articles and related products	7,025,795	1,558,816	
Non-metallic mineral manufac- tures, n.e.s. ....	9,498	91,648	
Silver, platinum, gems and jewellery .....	680,039	184,707	
Manufactures of metals .....	95,624	8,599	
Machinery other than electric .	2,015,146	—	
Electric machinery, apparatus and appliances .....	5,490,434	11,234	
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings .....	4,480	41,703	
Furniture and fixtures .....	—	33,587	
Travel goods, handbags and similar articles .....	18,849	6,674	
Clothing .....	688,524	708,973	
Footwear .....	12,208	98,650	
Professional, scientific and con- trolling instruments; photo- graphic & optical goods; watches & clocks .....	164,761,629	85,404	
Miscellaneous manufactured articles, n.e.s. ....	277,484	270,352	
Total Merchandise .....	193,038,501	3,336,200	
Gold and Specie .....	943,090	—	
Grand Total .....	193,981,591	3,336,200	

DENMARK			
DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$	
Meat and meat preparations ..	1,699,711	—	
Dairy products, eggs and honey	406,613	—	
Fish and fish preparations ....	34,135	346	
Cereals and cereal preparations	17,279	—	
Fruits and vegetables .....	129,042	36,035	
Sugar and sugar preparations ..	9,970	—	
Coffee, tea, cocoa, spices and manufatures thereof .....	47,169	522	
Miscellaneous food preparations	4,940	10,791	
Beverages .....	2,845,803	950	
Wood, lumber and cork .....	—	7,725	
Pulp and waste paper .....	14,582	—	
Textile fibres and waste .....	—	99,470	
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	44,667	—	
Animal & vegetable crude materials, inedible, n.e.s. ...	3,714	624,283	
Animal and vegetable oils (not essential oils), fats, greases and derivatives .....	—	102,336	
Chemical elements and com- pounds .....	92,542	2,970	
Dyeing, tanning and colouring materials .....	609,338	—	
Medicinal and pharmaceutical products .....	1,353,511	28,031	
Explosives and miscellaneous chemical materials and pro- ducts .....	206,515	130,783	
Rubber manufactures, n.e.s. ...	61,355	—	
Wood and cork manufactures (excluding furniture) .....	2,776	630	
Paper, paperboard and manu- factures thereof .....	810	1,140	
Textile yarn, fabrics, made-up articles and related products	18,314	406,777	
Non-metallic mineral manufac- tures, n.e.s. ....	42,534	26,208	
Silver, platinum, gems and jewellery .....	—	28,901	
Base metals .....	92,550	—	
Manufactures of metals .....	37,629	7,039	
Machinery other than electric .	730,051	160	
Electric machinery, apparatus and appliances .....	204,103	15,879	
Transport equipment .....	11,605	8,000	
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings .....	—	176,329	
Furniture and fixtures .....	1,555	125,823	
Travel goods, handbags and similar articles .....	—	59,125	
Clothing .....	27,569	2,707,693	
Footwear .....	—	27,243	



# FAR EASTERN ECONOMIC REVIEW

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$	DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks .....	3,000	1,718	Footwear .....	—	349,662
Miscellaneous manufactured articles, n.e.s. ....	72,720	178,130	Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks .....	642,270	11,000
Total .....	8,826,102	4,815,037	Miscellaneous manufactured articles, n.e.s. ....	140,807	2,462,166
			Live animals, not for food .....	—	110,539
			Total Merchandise .....	36,982,884	12,817,967
			Gold and specie .....	25,526,600	—
			Grand Total .....	62,509,484	12,817,967

## FRANCE

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Meat and meat preparations ..	53,177	131,029
Dairy products, eggs and honey	49,264	90,122
Fish and fish preparations ....	29,035	72
Cereals and cereal preparations	18,043	905
Fruits and vegetables .....	630,346	129,859
Sugar and sugar preparations ..	24,045	—
Coffee, tea, cocoa, spices and manufactures thereof .....	78,909	129,172
Miscellaneous food preparations	35,882	26,405
Beverages .....	6,762,266	—
Tobacco and tobacco manufactures .....	3,867	40
Hides, skins and fur skins, undressed .....	—	176,628
Oil-seeds, oil nuts and oil kernels	—	517
Textile fibres and waste .....	69,250	1,062,649
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	11,024	—
Animal & vegetable crude materials, inedible, n.e.s. ....	6,764	957,337
Mineral fuels, lubricants and related materials .....	7,500	—
Animal and vegetable oils (not essential oils), fats, greases and derivatives .....	12,785	936,985
Chemical elements and compounds .....	362,691	48,000
Dyeing, tanning and colouring materials .....	504,097	—
Medicinal and pharmaceutical products .....	3,261,102	2,300
Essential oils and perfume materials; toilet, polishing and cleansing preparations ....	2,479,373	4,370,779
Explosives and miscellaneous chemical materials and products .....	441,332	160,792
Leather, leather manufactures, n.e.s. & dressed furs ....	2,075,215	—
Rubber manufactures, n.e.s. ....	290,132	—
Wood and cork manufactures (excluding furniture) .....	2,900	40,893
Paper, paperboard and manufactures thereof .....	1,878,725	—
Textile yarn, fabrics, made-up articles and related products ..	7,208,372	335,553
Non-metallic mineral manufactures, n.e.s. ....	514,827	136,503
Silver, platinum, gems and jewellery .....	97,431	172,119
Base metals .....	7,514,997	—
Manufactures of metals .....	129,146	209,650
Machinery other than electric ..	265,783	25,150
Electric machinery, apparatus and appliances .....	38,815	40,764
Transport equipment .....	1,175,937	20,000
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings .....	15,380	19,754
Furniture and fixtures .....	670	173,901
Travel goods, handbags and similar articles .....	19,936	107,665
Clothing .....	130,789	379,057

## GERMANY (Western)

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Meat and meat preparations ..	3,300	452,633
Dairy products, eggs and honey	3,488	182,539
Fish and fish preparations ....	8,336	39,558
Cereals and cereal preparations	729,107	7,455
Fruits and vegetables .....	807,073	1,129,357
Sugar and sugar preparations	144,315	—
Coffee, tea, cocoa, spices and manufactures thereof .....	61,214	48,072
Feeding stuffs for animals (not including unmilled cereals)	7,288	—
Miscellaneous food preparations	6,617	14,475
Beverages .....	1,616,744	2,854
Tobacco and tobacco manufactures .....	288,941	15,392
Hides, skins and fur skins, undressed .....	947	1,214,339
Oil-seeds, oil nuts and oil kernels	—	519,315
Textile fibres and waste .....	6,680	446,169
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	179,152	7,143
Metalliferous ores and metal scrap .....	310,036	198,082
Animal & vegetable crude materials, inedible, n.e.s. ....	75,421	9,821,845
Mineral fuels, lubricants and related materials .....	66,183	—
Animal and vegetable oils (not essential oils), fats, greases and derivatives .....	173,522	14,412
Chemical elements and compounds .....	9,514,944	191,883
Dyeing, tanning and colouring materials .....	10,192,286	—
Medicinal and pharmaceutical products .....	3,847,386	19,000
Essential oils and perfume materials; toilet, polishing and cleansing preparations ....	594,378	359,711
Fertilizers, manufactured ....	480,163	—
Explosives and miscellaneous chemical materials and products .....	6,801,286	72,960
Leather, leather manufactures? n.e.s., & dressed furs ....	1,970,856	3,520
Rubber manufactures, n.e.s. ....	928,368	—
Wood and cork manufactures (excluding furniture) .....	144,355	75,941
Paper, paperboard and manufactures thereof .....	2,032,972	25,683
Textile yarn, fabrics, made-up articles and related products	18,761,055	6,384,752
Non-metallic mineral manufactures, n.e.s. ....	1,734,354	102,150
Silver, platinum, gems and jewellery .....	951,133	532,704
Base metals .....	21,140,126	—
Manufactures of metals .....	4,969,070	43,589
Machinery other than electric	10,949,091	750

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Electric machinery, apparatus and appliances .....	10,993,965	11,639
Transport equipment .....	8,596,915	—
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings .....	2,740,167	207,672
Furniture and fixtures .....	196,012	117,072
Travel goods, handbags and similar articles .....	345,572	42,745
Clothing .....	1,602,410	17,668,210
Footwear .....	11,279	628,742
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks .....	26,261,697	70,340
Miscellaneous manufactured articles, n.e.s. ....	9,078,217	1,326,078
Live animals, not for food ...	—	26,643
Total .....	159,266,421	42,025,424

ITALY

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Meat and meat preparations ..	41,185	—
Dairy products, eggs and honey	71,706	—
Fish and fish preparations ....	1,139	60,147
Cereals and cereal preparations ..	26,277	350
Fruits and vegetables .....	329,873	11,777
Sugar and sugar preparations ..	15,745	—
Coffee, tea, cocoa, spices and manufactures thereof .....	13,387	92,863
Miscellaneous food preparations ..	3,143	1,964
Beverages .....	325,528	7,213
Hides, skins and fur skins, undressed .....	—	526,801
Oil-seeds, oil nuts and oil kernels	—	573,052
Wood, lumber and cork .....	—	18,624
Textile fibres and waste .....	1,208	1,754,902
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	61,384	—
Metalliferous ores and metal scrap .....	—	8,500
Animal & vegetable crude materials, inedible, n.e.s. ....	—	974,560
Animal and vegetable oils (not essential oils), fats, greases and derivatives .....	24,867	395,418
Chemical elements and compounds .....	1,433,170	404,610
Dyeing, tanning and colouring materials .....	1,780,244	—
Medicinal and pharmaceutical products .....	3,785,044	—
Essential oils and perfume materials; toilet, polishing and cleansing preparations ....	29,056	43,520
Fertilizers, manufactured ....	25,490	—
Explosives and miscellaneous chemical materials and products .....	4,219,003	2,100
Leather, leather manufactures, n.e.s., & dressed furs .....	16,682	—
Rubber manufactures, n.e.s. ....	18,806	4,100
Wood and cork manufactures (excluding furniture) .....	222,064	65,927
Paper, paperboard and manufactures thereof .....	2,514,991	11,380
Textile yarn, fabrics, made-up articles and related products	21,429,094	1,327,868
Non-metallic mineral manufactures, n.e.s. ....	906,044	823,784
Silver, platinum, gems and jewellery .....	93,875	51,637
Base metals .....	15,878,242	—

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Manufactures of metals .....	97,056	133,908
Machinery other than electric	2,124,860	4,135
Electric machinery, apparatus and appliances .....	777,155	72,992
Transport equipment .....	2,462,903	28,200
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings .....	203,088	559,090
Furniture and fixtures .....	930	115,089
Travel goods, handbags and similar articles .....	25,286	11,284
Clothing .....	2,520,243	251,542
Footwear .....	19,323	45,583
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks .....	732,801	1,804
Miscellaneous manufactured articles, n.e.s. ....	1,247,827	716,695
Live animals, not for food ....	—	1,300
Total .....	63,478,719	9,102,719

CZECHOSLOVAKIA

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Coffee, tea, cocoa, spices and manufactures thereof .....	10,504	—
Beverages .....	141,035	—
Textile fibres and waste .....	35,231	—
Chemical elements and compounds .....	255,616	—
Dyeing, tanning and colouring materials .....	16,054	—
Medicinal and pharmaceutical products .....	286,846	—
Leather, leather manufactures, n.e.s. & dressed furs .....	29,368	—
Rubber manufactures, n.e.s. ....	48,797	—
Wood and cork manufactures (excluding furniture) .....	18,812	—
Paper, paperboard and manufactures thereof .....	2,014,731	—
Textile yarn, fabrics, made-up articles and related products .	2,891,448	—
Non-metallic mineral manufactures, n.e.s. ....	2,020,144	—
Silver, platinum, gem and jewellery .....	1,712	—
Base metals .....	1,080,931	—
Manufactures of metals .....	86,828	—
Machinery other than electric .	48,723	—
Transport equipment .....	3,868	—
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings .....	11,485	—
Furniture and fixtures .....	30,926	—
Clothing .....	95,182	—
Footwear .....	6,859	—
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks .....	4,650	—
Miscellaneous manufactured articles, n.e.s. ....	7,486	—
Total .....	9,147,236	—



## Hongkong's Principal Imports in 1957

## PART IV

ITEM, UNIT & COUNTRY	QUANTITY	H.K.\$	ITEM, UNIT & COUNTRY	QUANTITY	H.K.\$	ITEM, UNIT & COUNTRY	QUANTITY	H.K.\$
NATURAL GUMS, RESINS, BALSAM AND LACS (EX- CEPT PINE RESIN) (Cwt.) ..	24,334	3,588,796	Malaya .....	5,531	2,550,170	LUBRICATING GREASES (Lb.) ..	1,330,224	741,299
U.K. ....	510	212,355	Pakistan .....	171	49,510	U.K. ....	322,913	169,145
E. Africa, Br. ....	94	22,235	Aden .....	30	5,500	Malaya .....	284	278
S. Africa .....	430	108,540	Br. Commonwealth, n.e.s. ....	67	3,250	U.S.A. ....	836,975	505,001
Borneo, Br. ....	1,895	238,356	Burma .....	129	189,299	Japan .....	99,199	35,318
India .....	7,496	1,107,396	Cambodia .....	4,656	342,320	Macau .....	20,400	7,300
Malaya .....	1,026	144,670	China .....	315,434	42,638,036	Belgium .....	794	591
Mediterranean, Br. ....	20	5,490	Formosa .....	10,062	767,439	Germany, W. ....	49,659	23,666
Aden .....	491	120,100	Indonesia .....	173	30,659			
Br. Commonwealth, n.e.s. ....	955	213,515	Japan .....	5,593	1,623,722	PETROLEUM ASPHALT (Cwt.) ..	190,146	3,205,834
Africa, n.e.s. ....	4,097	440,611	Korea, S. ....	2,140	432,424	U.K. ....	5,800	100,893
U.S.A. ....	353	87,902	Laos .....	600	25,000	Malaya .....	65	1,205
Cambodia .....	350	19,442	Macau .....	1,248	168,633	U.S.A. ....	10,081	284,037
Indonesia .....	3,932	611,872	Thailand .....	5,390	583,660	Formosa .....	5,000	80,000
Japan .....	2	1,281	Vietnam, N. ....	9,715	770,485	Macau .....	2,860	37,750
Laos .....	395	28,475	Vietnam, S. ....	4,027	149,733	Middle and Near East .....	166,340	2,701,949
Macau .....	1	100	Middle and Near East .....	4,027	149,733			
Philippines .....	1,570	148,950	COAL (Cwt.) .....	4,922,165	24,150,727	LINSEED OIL (Cwt.) .....	15,479	1,529,513
Thailand .....	392	18,859	India .....	609,076	3,085,084	U.K. ....	8,921	988,568
Vietnam, N. ....	178	14,600	Australia .....	123,720	597,760	India .....	1,881	204,456
Middle and Near East .....	59	11,520	China .....	3,288,762	16,011,167	China .....	3,920	257,152
Belgium .....	1	705	Formosa .....	59,040	225,000	Macau .....	120	15,660
Germany, W. ....	25	6,928	Indonesia .....	350,680	1,662,780	Netherlands .....	637	63,677
Netherlands .....	2	465	Japan .....	80,680	332,900			
Oceania, n.e.s. ....	60	9,429	Macau .....	1,000	4,000	SOYA-BEAN OIL (Cwt.) .....	257,984	27,948,556
			Vietnam, N. ....	409,207	2,232,036	Japan .....	257,775	27,926,506
RATTAN CANES, CORE AND PEEL (Cwt.) .....	339,592	15,373,117	MOTOR SPIRIT (GASOLINE AND OTHER LIGHT OILS FOR SIMILAR PURPOSES) (Imp. gal.) .....	13,869,216	11,792,323	Thailand .....	209	22,050
Borneo, Br. ....	2,947	160,783	Malaya .....	8,541,655	6,965,920	GROUNDNUT (PEANUT) OIL (Cwt.) .....	208,578	23,902,541
Malaya .....	47,622	2,900,118	Indonesia .....	1,703,900	1,564,363	C. Africa .....	3,974	461,520
China .....	9,553	635,538	Middle and Near East .....	3,623,661	3,262,440	E. Africa, Br. ....	696	84,300
Indonesia .....	273,436	11,252,945				S. Africa .....	106,630	12,221,195
Macau .....	3,462	291,646	AVIATION SPIRIT (AVIATION GASOLINE (Imp. gal.) .....	3,748,256	5,550,445	Malaya .....	1,331	148,056
Philippines .....	2,327	118,537	Malaya .....	1,615,742	2,321,402	Cambodia .....	3,517	365,373
Thailand .....	245	13,550	U.S.A. ....	307,825	491,551	China .....	69,901	7,885,133
SEAGRASS, IMPORTED (Cwt.) ..	70,288	2,706,848	Indonesia .....	635,495	958,277	Indonesia .....	7,077	831,876
China .....	69,641	2,674,838	Middle and Near East .....	1,189,194	1,779,215	Macau .....	289	38,110
Formosa .....	120	5,000	LAMP OIL, ILLUMINATING KEROSENE, TRACTOR VA- PORIZING OIL AND AVIA- TION TURBINE FUEL (Imp. gal.) .....	20,832,446	17,260,891	Thailand .....	6,563	897,714
Macau .....	527	27,010	Malaya .....	11,203,491	9,115,122	Netherlands .....	8,600	969,264
BAMBOO CANES (Cwt.) .....	161,825	6,224,737	Indonesia .....	6,026,675	4,936,508	COCONUT (COPRA) OIL (Cwt.) .....	57,665	4,400,959
China .....	159,983	6,159,271	Middle and Near East .....	3,602,280	3,209,261	Borneo, Br. ....	7,128	522,906
Formosa .....	220	9,880				Malaya .....	50,354	3,847,456
Japan .....	14	420	PETROLEUM WHITE SPIRIT AND OTHER SPECIAL BOILING-POINT SPIRITS (Imp. gal.) .....	971,102	1,128,767	U.S.A. ....	180	30,339
Malaya .....	1,608	55,166	Malaya .....	774,653	824,263	China .....	3	298
BAMBOO SPLITS (Cwt.) .....	70,603	1,758,772	U.S.A. ....	34,329	156,606	TUNG OIL (WOOD OIL) (Cwt.) .....	222,753	26,771,601
China .....	66,207	1,636,514	Indonesia .....	5,280	11,685	China .....	220,324	26,465,884
Formosa .....	149	4,312	Middle and Near East .....	156,840	136,213	Vietnam, N. ....	2,429	305,717
Macau .....	3,659	104,044						
Vietnam, N. ....	588	13,902	GAS OIL, DIESEL FUEL, DIS- TILLATE STOVE OIL (Ton.) ..	178,254	36,243,649	COAL-TAR DYESTUFFS, OTHER THAN INDIGO (Cwt.) .....	42,899	27,184,723
BAMBOO POLES (Cwt.) .....	144,680	1,299,550	Borneo, Br. ....	4,072	525,288	U.K. ....	13,202	7,309,900
China .....	144,034	1,291,582	Malaya .....	49,256	10,265,179	S. Africa .....	1	1,034
Macau .....	496	7,093	Indonesia .....	83,389	15,962,846	Canada .....	17	9,184
Thailand .....	150	875	Middle and Near East .....	41,537	9,490,336	Malaya .....	70	39,229
CASSIA (Cwt.) .....	79,284	5,627,068	FUEL OILS (FURNACE) (Ton.) .....	725,464	100,065,004	Australia .....	127	70,781
Malaya .....	248	18,315	India .....	28,682	4,145,606	New Zealand .....	11	13,670
China .....	76,819	5,462,986	Indonesia .....	14,311	1,846,449	U.S.A. ....	399	233,434
Indonesia .....	197	17,200	Middle and Near East .....	147,430	21,620,151	China .....	4,302	890,537
Vietnam, N. ....	1,974	120,812				Japan .....	4,621	1,864,157
Vietnam, S. ....	46	7,755	LUBRICATING OILS (Imp. gal.) .....	2,307,062	8,868,087	Macau .....	51	7,270
GINSENG (Lb.) .....	251,550	25,209,499	U.K. ....	208,558	899,403	Belgium .....	225	203,122
Canada .....	31,499	2,466,422	Borneo, Br. ....	528	1,985	Czechoslovakia .....	35	6,993
Malaya .....	189	39,476	Malaya .....	15,175	65,866	Denmark .....	1	837
U.S.A. ....	128,603	14,654,799	U.S.A. ....	1,120,784	4,436,385	France .....	714	464,175
China .....	1,220	578,888	Indonesia .....	910	7,266	Germany, W. ....	10,292	8,398,102
Japan .....	71,746	2,885,883	Japan .....	9,760	29,180	Italy .....	2,153	1,105,010
Korea, S. ....	18,288	4,583,461	Philippines .....	1,050	6,837	Netherlands .....	2,052	569,647
Macau .....	5	570	Germany, W. ....	2	144	Norway .....	—	473
PLANTS, SEEDS, FLOWERS AND PARTS OF PLANTS (OTHER THAN BETELNUTS, CASSIA AND GINSENG) CHIEFLY USED IN THE MANUFACTURE OF CHINESE MEDICINE (Cwt.) ..	378,404	52,931,149	Netherlands .....	950,249	3,420,892	Sweden .....	2	3,980
E. Africa, Br. ....	2	1,000				Switzerland .....	4,624	5,993,188
S. Africa .....	134	36,980	INDIGO, NATURAL AND SYNTHETIC (Cwt.) .....	113	201,940	China .....	39	4,275
Borneo, Br. ....	28	9,222				Switzerland .....	74	197,665
India .....	12,952	2,507,341						

# Hongkong

## Notes and Reports

### The Double Tenth

The Double Tenth, national day of the Chinese Nationalist Government in Taiwan, was passed here last Friday without any disturbance. Squads of regular and auxiliary police patrolled the streets in the Colony while the Army stood by for an emergency. Security precautions were similar to those taken on October 1st, national day of the Chinese Communist Government in Peking.

While some of the members of the Chinese General Chamber of Commerce were still denouncing the arbitrary action taken by their chairman Mr. Ko Cheuk-hung in flying the five-star red flag over the CGCC Building on October 1st, members of the Kowloon Chamber of Commerce, led by their chairman Mr. Robert Der, saluted the Nationalist Chinese flag at the flag-raising ceremony on October 10th. Local educational, cultural and movie circles gathered at the Roxy Theatre to celebrate the occasion. An all-day lunch and dinner party was held in the Ying King Restaurant in Wanchai. In Kowloon, the local film industry staged another celebration in the Ambassador Restaurant.

The majority of the local Chinese however did not join these organized celebrations—either on the 1st or on the 10th. By contrast, the holiday atmosphere was more spontaneous and widespread in Hongkong and Kowloon on September 27th, the Mid-Autumn Festival.

### Cotton Talks

The Hongkong Textiles Negotiating Committee last Thursday accepted the principle of voluntary limitation on a comprehensive basis of the export of cotton textiles to the United Kingdom. At the beginning of the week, the Hongkong delegation proposed a ceiling of 120 million square yards for grey cloth a year and the 1958 level of export for finished piecegoods. The Lancashire delegation, however, insisted on an overall ceiling for exports of cotton textiles.

On Tuesday, October 7th, UK Prime Minister Harold Macmillan cabled Lord Rochdale, leader of the UK Cotton Board delegation, and Mr. J. D. Clague, chairman of the HK delegation, expressing the hope that the negotiations would reach a satisfactory agreement. The HK delegation continued negotiations with Lord Rochdale after Sir Cuthbert Clegg and Mr. Broatch had left for India and Pakistan. On October 9th, Mr. Clague addressed a letter to Lord Rochdale informing him of the acceptance of the principle of voluntary limitation on a comprehensive basis of the export of cotton textiles to the United Kingdom. The acceptance stands whether or not the United Kingdom reaches agreements with India or Pakistan. The administrative agreements to implement this agreement will be provided by the Hongkong Government in conjunction with the Hongkong Textile Industry and in collaboration with the UK Government.

### Mr. Clague's Letter

In his letter to Lord Rochdale, Mr. J. D. Clague listed following points of the Hongkong Committee's draft of the principles for an agreement with the Cotton Board:

(a) The proposed agreement would be entirely independent and would not be conditional upon any agreements which the Cotton Board makes with the representatives of the Indian and Pakistan industries. It could be implemented as soon as the requisite administrative arrangements in respect of Hongkong have been made.

(b) Unanimous agreement has been reached by the Hongkong Committee on the specification that, with a few minor exceptions, to be specially provided for within the Hongkong controls, cloth and made-up articles, to be shipped against the

Hongkong ceiling, or taken into account in the operation of the proposed "escalator" clause, shall have been spun, woven and, where applicable, finished in the Colony. It will be necessary, therefore, for some clause to be written into the agreement providing safeguards against the Hongkong ceiling being used as a channel for extra ceiling shipments from elsewhere.

(c) Yarn-dyed cotton cloth, towels and towelling will be excluded. So far as the Colony is concerned these are comparable with the cottage type industry of India, producing for a traditional market and, therefore, do not properly come within the scope of these negotiations. Furthermore, it has been agreed that these industries can continue to use Indian and Pakistan yarn in the production of these articles, and therefore, under the provisions of clause (b) above are not eligible for shipment under the Hongkong quota.

(d) Should the representatives of the Indian and Pakistan industries feel that, from their point of view, a ceiling is essential, the Hongkong industry would be prepared to negotiate a supplementary agreement covering these items.

(e) It has been decided by the Hongkong Committee that in order to protect the interests of all sections of the Hongkong Textile Industry, control of any ceiling arrangements will be exercised in Hongkong by the Hongkong Government in conjunction with the Hongkong Textile Industry and also with the United Kingdom Government. The Hongkong Committee's agreement is subject to the Hongkong Government agreeing to administer the controls.

(f) As was brought out in our discussions, it will also be necessary to write into the agreement some clause providing for suitable action to be taken in cases where it becomes apparent that the purposes for which the agreement is made are being frustrated by improper means such as intentional non-use of quotas.

(g) For the purpose of calculating ceilings, the Hongkong Committee has had two very important considerations in mind. It has been an accepted principle that the primary object was not to reduce the Hongkong industry's existing trade with the United Kingdom but temporarily to set a limit to the expansion of that trade, to allow for orderly adjustment in the Lancashire textile industry. Additionally we have had to take note of the very substantial developments that are already in hand for improving both the output and the standard of finished cloth in the Colony. It was agreed in your negotiations with the Indian industry that, where there is a past performance basis for calculation of ceilings, the annual rate of the latest figures available at the time the agreement is made should be used as the basis.

(h) In view of the vital part which the textile industry plays in the economy of Hongkong, the Committee must stipulate that there be included in the agreement a clause to the effect that the Hongkong Government shall reserve to itself the right to abrogate the agreement should it consider the economic position of the Colony warrants such action.

### Cotton Board Delegation's Notice

In a Press Notice issued on the same date, the Cotton Board Delegation stated:

"The discussions which have been taking place between the Hongkong Textiles Negotiating Committee and the Cotton Board delegation from the United Kingdom have now been concluded. It is the view of the delegation that the discussions have been invaluable as a further step towards the solution of the problems at issue between the Hongkong and United Kingdom cotton textile industries. No understanding has yet been reached, but the Hongkong Committee and the Cotton Board delegation have exchanged firm proposals for an agreement on a comprehensive basis. The delegation recognises that agreement by the Hongkong industry to the principle of a voluntary agreement on a comprehensive basis marks a notable step forward. It is hoped that further consideration of these proposals will lead to the conclusion of an agreement between the two industries which would be to their mutual benefit.

"In leaving Hongkong the delegation wish to record their gratitude for the way they have been received, the hearings they have been given, and the hospitality they have enjoyed. Responsible opinion in the United Kingdom has always appreciated to the full the complex and difficult problem confronting Hongkong, and the delegation has been much impressed with



what it has seen for itself of all that is being done. The problem confronting the cotton industry in the United Kingdom is also real and great, and the delegation hope that their visit has resulted in a better understanding of it in Hongkong."

### New Aircraft Maintenance Depot

Government will construct a new and bigger aircraft maintenance depot to replace the existing one operated by the Hongkong Aircraft Engineering Co., Ltd. In anticipation of heavier traffic using Kai Tak in the future and a consequent expansion in maintenance requirements, a much larger maintenance depot will be necessary and it has been decided that the capital cost shall be met from public funds.

The new depot will remain the property of the Government and will be rented to a commercial company to operate. Plans for the new depot are now being worked out and it is hoped to have it completed by the end of 1959. Recently completed negotiations provide for the granting of a ten-year lease of the new depot to the Hongkong Aircraft Engineering Co., Ltd., who will pay a full economic rental for the building and in addition will be responsible for all repairs. At the end of the ten-year period, the Company will have an option of a second ten-year lease on the same terms.

### New \$220,000,000 Reservoir

Government has decided to proceed immediately with its project for building a large impounding reservoir at Shek Pik valley in the south-western part of Lantau Island at an estimated cost of \$220,000,000. It will take five years to complete.

The new reservoir will be the biggest as well as the most costly so far constructed in the Colony. It is designed to hold 5,350 million gallons of water and will thus augment the Colony's present water storage by more than 50 per cent. The Tai Lam reservoir, started in 1953 and formally opened in March 1957 by Lady Patricia Lennox-Boyd, cost \$134 million and has a storage capacity of 4,500 million gallons.

Investigations into the possibility of providing additional storage capacity to augment existing reservoirs started as long ago as November 1954 when Messrs. Binnie, Deacon and Gourley, Consulting Engineers for the Tai Lam scheme; were commissioned by Government to advise. Their preliminary investigations indicated that the Shek Pik valley could be converted into an excellent reservoir but that unfortunately the nature of the sub-soil near the valley mouth—where the dam would have to be built—was such as to make construction of a conventional type dam either extremely costly or perhaps even impossible.

**New Construction Methods**—The consultants recommended, therefore, that experiments be carried out on the lines of recent research, conducted mainly in France, on the stabilisation of porous strata by injecting into them a mixture of clay, cement and a varying quantity of other chemicals to make the porous material impermeable to water. This process is known as grouting. Government accepted the consultants' advice and autumn. These proved entirely successful. Construction work on part of the core of the dam will start in early December. Much preliminary work has already been done. Roads and jeep tracks from Silver Mine Bay to the work site and around the site are nearly completed. Nearly 200 piles have been driven preparatory to the grouting operation, and the erection of bungalows to be used as quarters for men engaged in the work has already started near the site at Cheung Sha.

**Resettlement of Villagers**—One of the advantages of using the Shek Pik valley as a site for the new reservoir is that the soil is generally unproductive and does not support very many people. Some 70 families, totalling 250 men, women and children, live in the valley, mainly in the two villages of Shek Pik (population: 150) and Fan Pui (population: 50). About 100 acres of arable land will be affected by the reservoir scheme. Government representatives have been holding regular discussions with the inhabitants of the valley as to the various possible methods of rehousing and re-establishing them elsewhere when they have to leave. Recently about 70 of them paid a visit to Tuen Wan to see for themselves the accommodation provided by Government for the villagers who were rehoused in the course of the construction of the Tai Lam

Reservoir. Government has confirmed to the Shek Pik people that it will be no less generous in the matter of their resettlement and rehabilitation than it was in the case of the Tai Lam valley villagers and that they will be treated with every consideration.

**Dam 1,700 Feet Long**—Explaining some of the more important engineering aspects of the scheme, Mr. T. O. Morgan, Waterworks Engineer, said that the dam will be 170 feet high and about 1,700 feet long. The project also involves the construction of six miles of tunnels on Lantau Island, the laying of 14 miles of submarine pipelines and the building of three new service reservoirs and other ancillary works. From Shek Pik, water in the reservoir will gravitate through six miles of tunnels and through about a mile of 48-inch diameter pipeline to Pui O, where it will be pumped through a short length of tunnel and about 2,000 feet of 48-inch pipeline to a reception reservoir and filtration plant on the hillside to the west of Silvermine Bay.

**Cross-Harbour Pipelines**—After being filtered, chlorinated and fluoridated, the water will again gravitate through twin 30-inch diameter submarine pipelines, each about seven miles long, to a pumping station below Mount Davis at Sandy Bay at the western end of Hongkong Island. The submarine pipelines will surface on the island of Chau Kung, which is about midway between Sandy Bay and Silvermine Bay, where they will be interconnected so that water can be brought over to Hongkong in the event of damage to one of the pipelines. At Sandy Bay, the bulk of the water will be pumped to two new service reservoirs which will be built on the slopes of Mount Davis. Some will however be conveyed direct to the existing Elliot service reservoir, near the University of Hongkong.

The first of the two new Mount Davis service reservoirs will have a storage capacity of 30 million gallons and the other a storage capacity of five million gallons. From the first service reservoir, part of the water will be taken through large pipelines to Queen's Pier and then conveyed through the existing cross-harbour mains to Kowloon for feeding into the distribution network there. Part of the water supply will be taken through a new 30-inch diameter pipeline to the pumping station in Garden Road, from where it will be re-pumped to the Albany, Bowen Road and Tai Hang Road service reservoirs. Water from the smaller of the two service reservoirs at Mount Davis, as well as water from the Elliot reservoir, will be diverted into the distribution network to serve people living in the western end of Hongkong Island.

**The Ever-Increasing Consumption**—Introducing the budget debate in Legislative Council this year, the Governor, Sir Robert Black, reminded everyone of the basic realities: "It has become increasingly certain that the strain on our resources of water, even when we are supplementing these by the additional supplies from Tai Lam Chung, will not be eased sufficiently to meet our requirements, the requirements which arise from the new housing schemes and the siting of these on higher levels, from the development of light industry, and from the demand imposed both by increasing awareness of the value of hygiene and by improved standards of living. . . . Even if we can go ahead at Shek Pik, I fear that we shall still have to look for other sources of supply."

A series of calculations worked out by the Waterworks Office earlier this year not only indicated that the demand for water had increased steeply over the past ten years but that the forecast for the next ten years (based on estimated population increase, industrial development, projected low-cost housing schemes etc.) showed, if anything, an even steeper rise in the consumption rate. If these calculations are right—and there is some reason to believe that they may err on the side of being, under-estimates—by the time the Shek Pik Reservoir is completed in 1963, demand, based on a full 24-hours supply, will have risen to 91 million gallons a day average during winter months and 100 million gallons a day in the summer. By 1968 these figures will have risen to 122 and 134 million gallons a day respectively.

Since the Shek Pik Scheme, when completed, will bring the Colony's winter water supply potential to only some 83 million gallons a day (assuming an average rainy season and all reservoirs approximately full at the end of September) the need for still further sources of water supply is obvious. Shek

Pik in itself, although vaster than any reservoir project hitherto undertaken in Hongkong, will not be enough to meet the steadily increasing demand. Government is therefore investigating the possibility of damming shallow, largely land-enclosed, arms of the sea and turning them into fresh water lakes. Preliminary surveys and tests are already in progress at Plover Cove and Hebe Haven.

Recent research into salt-water distillation is also under examination. Hitherto distillation has been precluded as a solution to Hongkong's water problems because of the very high cost of producing comparatively small quantities of fresh water. Research workers are now studying the most modern methods of salt-water distillation as now practiced in the United Kingdom and Europe. These methods do show some promise of producing a sizeable yield of fresh water at a cost which, whilst very high in comparison with the cost of storing rain and stream-water in reservoirs, may not be so costly as to render entirely uneconomic the production of at least part of the Colony's total supply by distillation.

### New Hotel

The 136-room Sun Ya Hotel, Restaurant and Night Club occupying seven floors of a multi-storey new building in Nathan Road near the Broadway Theatre, was opened last week. The hotel is owned by the Sun Ya Investment Co., Ltd.

### Estate Duty

To prevent large scale avoidance of Estate Duty, Government will introduce a new bill entitled "Estate Duty (Amendment) Bill, 1958". Moving the first reading of the bill at a recent Legislative Council meeting, the Financial Secretary, Mr. A. G. Clarke explained: "The ordinary person reading, or attempting to read, through this Bill, is apt to throw up his hands in horror, and then give up any effort to understand what it is all about. It was on February 29, 1956, more than two years ago, that I mentioned in this Council that large scale avoidance of Estate Duty was beginning to cause concern, and that legislation was going to be drafted to put a stop to it. Since then the loopholes have become yawning gaps. Millions of dollars are being lost to revenue annually by methods of avoidance which, as the law stands at present, are perfectly legal, quite simple, and which are probably fairly well known to all of us.

"If I might start with first principles, in order to make more intelligible what comes later, Estate Duty in essence is a very simple form of tax. When a man dies, the Inland Revenue authorities find out everything that he possessed at the date of his death; assess the total value, and charge duty as a percentage of that value on a sliding scale—the highest rate of duty being 52% on estates exceeding \$30 millions. There is one important point about our system of Estate Duty here in Hongkong; that is, that, unlike many other countries, and especially unlike the United Kingdom, we only take into account assets situated in the Colony. We do not levy duty on, nor do we regard at all, any part of the estate which is situated outside the Colony. We do not propose to change this at present.

"Nobody likes to pay large sums to the taxgatherer, even after he is dead, and specialists soon busied themselves with finding means to avoid paying over to him large sums out of a deceased person's estate. The simplest method, the obvious method, is for the deceased to give away all his property as soon as he knows that he is going to die. Then he dies possessed of nothing, and no duty is payable. This method of avoidance was taken care of long ago, for in our law there is a provision that anything given away within a period of three years before the death is still reckoned as part of the estate. Here is the first point on which the Bill proposes to tighten up the law. The period of three years was adopted in accordance with United Kingdom legislation many years ago. In 1946 the United Kingdom altered the period to five years, and we now propose to do the same. But, again in line with United Kingdom practice, we propose to reduce the period to one year in the case of a gift to a charity.

"If the deceased person whose estate is being assessed has given his property away before the statutory period, there is

no trouble. No duty is chargeable on the amount of the gift. But the Inland Revenue has run into trouble when trying to bring into account gifts made within the statutory period. Until 1950 the accepted practice of the Revenue authorities, both here and in the United Kingdom, was to treat dispositions of property to relatives as gifts unless the recipient could produce satisfactory proof that consideration had been given. In order words, the onus of proof lay on the person who received the disposition. The Fitzwilliam case in the United Kingdom reversed this practice and laid on the Revenue authorities the task of proving that a disposition was not for value; that is, the impossible task of proving a negative. The law in the United Kingdom was immediately amended to reinstate the former practice, but no change was made here, so that the judgement in the Fitzwilliam case is still good, and much revenue has been lost in consequence. It is now proposed to change the law as was done in the United Kingdom and transfer the onus of proof back again to the recipient.

"We catch a gift if it is given away within three years before death, and we propose to catch it if it is given away within five years before death. But legal brains long ago caught on to the idea that if a person could divest himself of the legal ownership of the property, and still retain for his own enjoyment all the benefits from it, then no duty would be payable, and everybody would be happy except the Inland Revenue. A perfectly simple method was found, and was elaborated. I had best illustrate by an actual example in the Colony. I would emphasise that I have no idea who are the parties concerned. This example, with many others, has been supplied to me by the Inland Revenue Department, who, at my request, have withheld the names. The individual is a wealthy person, and if he took no action, his estate, which was probably worth about \$12 millions would be liable for duty of about \$5 millions. Thanks to the steps that he has taken, the duty payable when he dies, unless the law is amended as proposed by this Bill, will not exceed half a million dollars. What he did was this. He formed a private limited company, to which he transferred all his assets. Nine-tenths of the shares in that company are held by his close relatives; he holds only one-tenth. Hence, under the present law, his estate bears only on the value of his holding in the company. But, when we look further into the matter, what do we find? The individual concerned is Governing Director of the company for life; he has absolute power to appoint or to discharge any director; he fixes all directors' remunerations; all directors must act in accordance with his instructions; while holding office he may receive out of the funds of the company such sums as he may determine; he may even pass his appointment and powers to his named successor by will. In other words, he still has complete and absolute control over all the assets which used to be his for the purposes of Estate Duty, but are no longer liable to duty. He has divested himself of nine-tenths of his property, but for all practical purposes it is still his. There are infinite variations of this sort of thing, and I could give many more examples. A look through the lists of new companies incorporated will reveal similar cases. This is what we propose to stop.

"We propose to follow the example of the United Kingdom and to introduce the concept of the controlled company. In the case which I have quoted, it is evident that the individual concerned is in complete control of the company, but it is not always so easy. If I may put the problem into very simple and non-technical language, under the new bill a proportion of the assets of a controlled company shall be deemed to be part of the estate of the person who controls the company, such proportion being commensurate with the benefits he has the right to obtain. This is the main purpose of the bill. Under the new bill, the company shall fall within the definition in the new Section 31, Subsection (1). The deceased must have at some time made a transfer of property to the company. Such transfer can be made in many ways, and definitions vital to decide what constitutes such a transfer are contained in the bill. The third requisite is that the deceased must have received, or been entitled to receive, or had the capacity to acquire, benefits from the company during the five years preceding his death. The matters which are to be treated as benefits are defined in the new bill. It is immaterial that the deceased in his lifetime surrendered his title to, or



his power to obtain, benefits. Whether such surrender was made for value or not, unless it were made to his entire exclusion before the beginning of the five years ending with his death, the section still applies. The bill also lays down the method of valuation of the assets of controlled companies, provides for quick succession relief, says who shall be accountable for duty, and so on.

"We do not propose to extend the scope of Estate Duty to assets outside the Colony. But it is the case that we shall have regard to controlled companies regardless of whether they are incorporated within or without the Colony. It is obvious that if we restricted ourselves to companies incorporated within the Colony, anybody would form a controlled company incorporated, for example, in Macao, and then nobody need pay any Estate Duty. I might give yet another example of deliberate avoidance of Estate Duty which reinforces this point. There is a local company which does very good business, and which must be worth a very great deal of money. Of the total capital of 5,000 shares, one individual holds, or rather held, 4,996, possibly as many as he was permitted to hold under the Companies Ordinance. Realising his liability to Estate Duty, he formed a company in a country abroad where Estate Duty does not exist, and exchanged his shares in the Hongkong company for shares in the company abroad. The shares in the Hongkong company are now held by a corporation, which never dies, so that no Estate Duty will ever be payable on them. And the shares of the gentleman concerned in the foreign company, not being Hongkong estate, will not be liable for Hongkong Estate Duty when he dies. It is all absurdly simple. Now, under the proposed new legislation, the individual will not escape, because he derives benefits from the Hongkong company, albeit by reason of 'associated operations'. This method of avoidance will also be blocked. But the duty to be charged will be related to the value of the interest in Hongkong, and not to the value of the assets outside Hongkong, although the value of all the assets, wherever situate, must be taken into account in arriving at the assessment of that figure. It may be that if experts in these matters are ingenious enough to find new loopholes in the legislation now proposed, we shall be driven ultimately to extend the scope of our legislation to assets outside the Colony, but I trust that this step, so much at variance with our traditional policy, may be avoided.

"I would deal with two points where we propose to relax. Section 8 of the Ordinance as it stands at present lays down that all property passing or deemed to pass on death is aggregable in order to ascertain the rate at which duty should be charged. Now it may well happen that property, which is deemed to pass, may be property in which the deceased never had an interest and which has very little connection with his own property. An example is an insurance policy under the Married Women's Property Ordinance, the main purpose of which is to provide money for the widow, quickly, and free from any encumbrance. In the United Kingdom and elsewhere, such a policy can be paid immediately, provided sufficient money is retained to cover duty, the amount of which can be immediately ascertained because the policy is not aggregated with the rest of the estate. In Hongkong, because of aggregation, the rate of duty cannot be ascertained immediately, and, if the estate is large enough, it may be as high as 52 per cent. I am sure this was never intended. The position appears to have arisen by the inadvertent omission of a short passage from the Section of the United Kingdom Act which was copied into our legislation, and it is proposed to correct this anomaly and bring the law into line with that in the United Kingdom.

"At one time in this Colony, duty was levied on all estates exceeding \$500 in value. Policy in recent years has been to tax the small man rather less and, following the practice in the United Kingdom, the \$500 limit was abolished in the year 1948 and replaced by \$5,000. This is the present figure, that is, estates under \$5,000 are exempt from duty. Further changes have been made recently in the United Kingdom, and we propose to take this opportunity to raise once again the lower limit, this time to \$25,000."

## Hongkong Shipping in July

Flag	Vessel				Cargo	
	Arrival		Departure		Dis- charged	Loaded
	No.	Tonnage	No.	Tonnage	(ton)	(ton)
British . . . .	269	492,579	274	511,737	115,951	46,216
Chinese . . .	29	12,754	27	12,049	14,786	2,074
Danish . . .	17	58,975	17	58,975	5,340	5,146
Dutch . . . .	18	76,142	18	76,144	8,182	7,090
French . . .	9	35,130	8	33,477	4,825	1,040
German . . .	5	25,494	5	25,494	2,743	954
Indian . . .	2	7,029	2	7,029	125	400
Italian . . .	4	20,478	4	20,478	16,934	390
Japanese . .	67	226,460	67	226,460	27,420	42,430
Korean . . .	3	6,464	3	6,464	1,250	1,250
Liberian . .	3	13,948	4	20,060	914	2,050
Norwegian .	43	109,117	49	129,086	29,165	16,717
Panamanian .	18	28,607	12	22,504	3,655	7,620
Philippine .	1	153	1	153	—	—
Polish . . .	1	4,564	1	4,564	264	—
Swedish . .	10	33,523	10	33,523	18,489	2,778
American . .	23	128,616	23	128,616	9,955	6,623
Yugoslavian .	3	6,718	3	6,718	2,874	750
Greek . . . .	2	12,304	2	12,304	—	—
Total . . . .	527	1,299,055	530	1,335,835	262,872	143,528

## Hongkong Air Traffic in July

Regions	Departure			Arrival		
	Passen- ger	Freight (kilos)	Mail (kilos)	Passen- ger	Freight (kilos)	Mail (kilos)
Australia	219	7,382	857	179	1,894	506
Thailand	1,815	19,268	931	1,257	4,985	2,458
Borneo	128	4,446	177	136	183	48
Burma	186	6,832	941	79	825	226
Cambodia	150	1,831	139	142	2	36
Canada	326	1,366	743	61	1,118	415
Europe	238	10,681	2,246	135	8,529	2,700
Taiwan	670	45,215	1,472	1,133	5,072	1,861
Guam	—	2,266	29	—	117	2
Honolulu	113	405	204	105	1,044	90
India	297	4,406	611	293	2,244	1,839
Indonesia	—	—	606	—	—	—
Japan	2,094	8,293	1,600	2,086	9,391	7,210
Laos	130	41,369	103	92	1,322	67
Macao	—	3,502	—	—	—	—
Malaya	46	111	402	27	15	—
Middle East	144	1,838	389	114	483	72
New Zealand	—	—	261	—	—	—
Okinawa	154	8,191	74	68	1,200	46
Pakistan	71	1,072	479	85	149	236
Philippines	1,967	21,882	844	1,957	3,878	1,181
Singapore	807	10,612	1,380	582	2,682	4,102
South America	36	1,482	2	17	16	30
South Korea	231	2,034	547	226	334	495
Un. Kingdom	421	13,058	2,606	399	16,410	3,420
United States	78	4,624	4,336	105	1,866	3,410
Vietnam	359	3,860	330	363	1,310	387
Wake Island	—	196	—	—	—	—
Ceylon	37	436	206	36	75	76
Africa	—	—	921	—	—	36
<b>Total</b>	<b>10,717</b>	<b>226,658</b>	<b>23,436</b>	<b>9,677</b>	<b>65,143</b>	<b>30,949</b>

Direct

Transit ... 1,114 45,964 — 1,114 45,964 —

Total Aircraft Departures=418. Total Aircraft Arrivals=416.

# FINANCE & COMMERCE

## HONGKONG EXCHANGE MARKETS

Oct.	U.S. \$		Notes	
	T.T. High	T.T. Low	Notes High	Notes Low
6	\$581½	581	579½	579¼
7	582	581¼	580¾	579½
8	582½	582	580¾	580½
9	582¾	582¼	580¾	580¾
10	582½	582¼	580¾	580¾
11	582½	582¼	580¾	580¾

D.D. rates: High 581½ Low 580.

Trading totals: T.T. US\$3,110,000; Notes cash US\$245,000, forward US\$1,560,000; D.D. US\$280,000. The market was quiet and uncertain. In the T.T. sector, offers from Japan, the Philippines, and Bangkok were absorbed by gold and general importers. In the Notes market, speculators assumed a wait-and-see attitude. Interest for change over favoured sellers and aggregated HK\$1.40 per US\$1,000. Speculative positions averaged US\$1¼ million per day. In the D.D. sector, the market continued quiet.

**Far Eastern Exchange:** Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.725—1.71, Japan 0.0146—0.014525, Malaya 1.882—1.875, South Vietnam 0.07049—0.0699, Laos 0.053, Cambodia 0.08, Thailand 0.2724, Indonesia 0.0525—0.05. Sales: Pesos 250,000, Yen 56 million, Malayan \$275,000, Piastre 9 million, Kip 4 million, Rial 5 million, Baht 2 million, Rupiah 500,000. The devaluation of the kip in Laos from 30 to 80 per US\$ had no effect on the local market.

**Chinese Exchange:** People's Yuan notes quoted \$0.60—0.52 per Yuan. Taiwan Dollar notes quoted \$0.131—0.127 per Dollar, and remittances, 0.13—0.126.

**Bank Notes:** Highest and lowest rates per foreign currency unit in HK\$: England 16.07—16.03, Scotland 14.80, Ireland 13.50, Australia 12.55—12.54, New Zealand 13.94—13.92, Egypt 10.04, East Africa 15.20, South Africa 15.76—15.75, West Africa 13.00, Jamaica 13.50, Gibraltar 13.50, Malta 12.50, Cyprus 12.50, Fiji 10.00, India 1.1775—1.1774, Pakistan 0.765, Ceylon 0.895, Burma 0.515, Malaya 1.85—1.837, Canada 5.94—5.885, Cuba 5.00, Argentina 0.12, Brazil 0.035, Peru 0.24, Mexico 0.40, Philippines 1.73—1.70, Switzerland 1.34, West Germany 1.365, Italy 0.0091—0.00905, Belgium 0.107, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.45, France 0.0127, South Vietnam 0.0715—0.07, Laos 0.053—0.051, Cambodia 0.08—0.0795, New Guinea 1.00, Indonesia 0.052—0.0505, Thailand 0.2675—0.2665, Macao 0.998—0.996, Japan 0.01475—0.01465.

### Gold Market

Oct.	High .945	Low .945	Macao .99
6	\$253¾	253½	
7	254	253¾	
8	254	253¾	265 High
9	253¾	253¾	
10	254	253¾	
11	253¾	253½	Low 264½

Opening and closing prices were 253¼ and 253¾; highest and lowest, 254 and 253¾. The market was very quiet. Interest favoured sellers and aggregated 39 HK cents per 10 taels of .945 fine. Tradings averaged 5,500 taels per day and amounted to 33,000 taels for the week, in which 10,030 taels were transacted in cash (1,130 taels listed officially and 8,900 taels arranged privately). Imports from Macao totalled 9,000 taels. Exports amounted to 9,500 taels (5,000 taels to Singapore, 3,500 taels to Bangkok, and 1,000 taels to Rangoon). It was reported that since

the 25% increase of import duty for gold in Thailand, licensed import of gold there was quiet during the past eight months. Differences paid for local and Macao .99 fine in the local market were HK\$12.40—12.20 and 11.50—11.20 respectively per tael of .945 fine. Cross rates were US\$38.05—38.04 per fine ounce; 16,000 fine ounces were contracted at 38.04 cif Macao. U.S. double eagle old and new coins quoted \$263 and 239 respectively per coin, English Sovereigns \$59 per coin, and Mexican gold coins \$274.00 per coin.

**Silver Market:** The advance of quotations in New York, together with good demand for export, stimulated local prices. 800 taels of bar silver traded at \$5.85—5.60 per tael, and 1,000 dollar coins at \$3.72—3.62 per coin. Twenty-cent silver coins quoted \$2.90—2.75 per five coins.

**Money Market:** Money was plentiful, and interest rates were low; bankers and financiers, however, were very careful in granting loans. Interest charges by foreign banks were 8 to 6 per cent per annum; by Chinese banks, 10 to 8 per cent per annum; and by native banks and money lenders, 15 to 10 per cent per annum.

## LAST WEEK'S SELLING RATES OF LOCAL EXCHANGE DEALERS

Country	Currency	Denomination	In HK\$	In US\$
America	Dollar	5-100	5.81	—
Australia	Pound	5 and 10	12.65	2.179
Britain	Pound	1 and 5	16.15	2.782
Burma	Kyat	10-100	0.54	0.093
Cambodia	Rial	all	0.081	0.01395
Canada	Dollar	5-100	5.95	1.025
Ceylon	Ruppee	5-100	0.95	0.164
France	Franc	all	0.01285	0.002214
Hongkong	Dollar	all	—	0.17241
India	Ruppee	all	1.185	0.204
Indonesia	Rupiah	all	0.055	0.00947
Japan	Yen	100-5000	0.0148	0.002549
Laos	Kip	all	0.054	0.0093
Macao	Pataca	all	1.01	0.174
New Zealand	Pound	1-10	14.10	2.429
Pakistan	Ruppee	100	0.79	0.136
Philippines	Peso	5-100	1.74	0.30
Singapore	Dollar	5-100	1.85	0.319
South Africa	Pound	all	15.80	2.722
Switzerland	Franc	all	1.37	0.236
Taiwan	Dollar	5 and 10	0.137	0.0236
Thailand	Baht	10-100	0.272	0.04685
South Vietnam	Piastre	all	0.072	0.0124



## HONGKONG SHARE MARKET

The market was very buoyant during the first half of last week following the Quemoey ceasefire. Most shares were pulled up by the improved volume of business. The bull market, however, was not sustained during the second half week. The turnover on Monday was \$750,000 and on Tuesday was \$793,000 but dropped to \$244,000 on Wednesday, \$484,000 on Thursday, and \$304,000 on Friday.

Many shares closed below the week's highest on account of light scale profit-taking and low counteroffers from bargain hunters. The undertone at the close on Friday, however, was steady.

Quotations for a number of popular shares such as HK Banks, Docks, Lands, Telephones, Dairy Farms and Nanyangs are now attractively low; these shares are on an upward trend. HK Banks at \$752.50 is higher than \$735 registered after the outbreak of the Quemoey fighting but still very low compared with the lowest price of \$760 registered during January/August this year; highest so far is \$860. In 1957, highest and lowest of HK Banks were \$910 and \$820 after the issuance of new shares.

HK Docks at \$44 and \$45 compare favourably with Jan/Sept 1958 highest \$55.50 and lowest \$40; 1957 highest was \$54.50 and lowest \$43. HK Lands are now at a new low level—\$31; Jan/Sept 1958 highest was \$34.25 and lowest, \$31.75; 1957 highest and lowest were \$33.25 and \$32.50. HK Telephones at \$24 are also attractive; Jan/Sept 1958 highest and lowest were \$28 and \$24.80; 1957 highest and lowest were \$26.60 and \$25.80. Dairy Farms touched a new low last Friday at \$15.90; highest and lowest during Jan/Sept were \$17.90 and \$16; 1957 highest and lowest were \$16.80 and \$14.60. Nanyangs recovered from September's \$6.80 to \$7.25 last week; Jan/Sept 1958 highest was \$9.15 and lowest was \$7.40; 1957 highest was \$9.95 and lowest, \$7.

Cements improved last week on better demand. A number of speculative buyers believed that 1958 dividend might not be as low as they had formerly anticipated because exports of Green Island cement to SE Asia recently improved; highest quotation registered this year was \$26.20.

### HONGKONG STOCK EXCHANGE IN SEPTEMBER

Tension in the Formosa Straits continues to affect trading in the local share market, and investors are reluctant to extend their commitments pending indications that negotiations now taking place will produce a satisfactory solution. With buyers cautious, there has been a tendency to keep rates at attractive levels, and this was noticeable by the marking down of Dairy Farms following a slight reduction in the interim dividend. Price changes in other stocks were fractional and the market at the close was STEADY.

**Banks and Insurances:** The demand for Hongkong Banks and Unions continued at prices showing little change. **Investment Companies:** Allied Investors were in demand with no appreciable change in

Share	Oct. 3	Last Week's Rate			Up & Down	Dividend	Estimated Yield (%)
		Highest	Lowest	Closing			
HK Bank .....	755	755	752.50	752.50	—\$2.50	\$45	5.98
Union Ins .....	72.50n	73	72	72	—50c	\$3.40	4.72
Lombard .....	28n	—	—	28n	quiet	\$2	7.14
Wheelock .....	5.85	5.90	5.85	5.90	+5c	75c	12.71
Int Inv .....	5	5	5b	5	firm	65c	13.00
Allied Inv .....	4.05b	4.05	4.05b	4.05	firm	25c	6.17
HK & FE Inv .....	9.80n	9.80n	9.50	9.70s	—10c	80c	8.25
HK Wharf .....	95	96s	95n	95n	steady	\$9	9.47
HK Dock .....	44s	45	44	45	+\$1	\$2	4.44
Provident .....	11.20b	11.30	11.10b	11.20	firm	\$1	8.93
HK Land .....	30.50	31	30.50b	30.50b	firm	\$2.40	7.87
Realty .....	1.35b	1.375	1.35b	1.35b	firm	15c	11.11
Hotel .....	21.20	21.60	21b	21.10	—10c	\$1.50	7.11
Star Ferry .....	108n	110s	106b	108n	steady	\$9	8.33
Yau-mat .....	95	97s	94b	92b	firm	\$7.50	8.15
Trams .....	25	25.40	24.80b	24.80b	steady	\$1.90	7.66
Light .....	17.30	17.50	17.20	17.40	+10c	\$1.30	7.47
Electric .....	24.90	25.30	24.90	24.90	firm	\$1.90	7.63
Telephone .....	23.70	24.20	23.80	23.80b	+10c	\$1.50	6.30
Cement .....	22.30b	23.00	22.70	23.50	+\$1.20	\$3	12.77
Dairy Farm .....	16	16.10	15.90	15.90	—10c	\$1.775	11.16
Watson .....	11.30	11.50s	11.30	11.40s	steady	\$1	8.77
Amal Rubber .....	1.65	1.675	1.65	1.65	firm	20c	12.12
Textile .....	3.65b	3.90b	3.65b	3.90b	+25c	60c	15.38
Nanyang .....	7	7.25	7	7.25	+25c	\$1.10	15.17

rates. A few International Investments (Yantries) were dealt in and buyers appeared at lower levels. **Shipping:** Wheelocks led in light scale trading at fractionally lower levels, and parcels of Asia Navigations were dealt in. **Docks & Wharves:** Hongkong Docks continued in demand at fractionally higher rates, while China Providents gave slight ground. **Land & Hotels:** Increased interest was evinced in Hongkong Hotels and Realty but there was less activity in Hongkong Lands. Rates in this section were steady. **Public Utilities:** More activity was displayed in this section with a demand setting in for Hongkong Electric Rights. A fair number of Yau-mat Ferries changed hands and increased trading was reported in China Lights. **Industrials:** Cements were in favour and increased trading in the stock was reported. Some activity was shown in Amoy Canning and Metal Industries shares. **Stores:** Trading was upon a comparatively light scale with Dairy Farms marked down following announcement of a slightly lower interim dividend. **Miscellaneous:** Entertainments showed some activity and a small parcel of Constructions changed hands. **Cottons:** Prospective investors are probably awaiting the outcome of negotiations now taking place with the U.K. delegation before committing themselves. **Rubbers:** A general improvement in rates was reported in this section.

Dividend announcements were made by Douglas Steamship Co., Ltd., Hongkong & Yau-mat Ferry Co., Ltd., Dairy Farm Ice & Cold Storage Co., Ltd., Sincere Co., Ltd. and Amalgamated Rubber Estates Ltd.

Business in September: \$10,449,113. Business in 1957: \$147,621,871. Business during January/September 1958: \$118,192,380. Business in September 1957: \$11,032,406.

#### BUSINESS DURING SEPTEMBER

	Qty. of Shares
H.K. Govt. Loan	
3½ % (1948) .....	\$ 7,000
H.K. Bank .....	1,194
Lombard Insurance .....	500
Union Insurance .....	3,640
Allied Investors .....	12,000

	Qty. of Shares
Int'l Invest. ....	1,650
Union Waterboat .....	450
Asia Navigation .....	7,500
Wheelock Marden .....	48,520
Wharf Co. ....	2,000
C. Provident .....	10,315
H.K. Dock .....	10,290
Shanghai Dock .....	1,000
H.K. & S. Hotels .....	42,100
H.K. Land .....	27,970
Humphreys .....	2,820
Realty .....	126,212
H.K. Tram .....	33,500
Star Ferry .....	630
Yau-mat Ferry .....	6,144
China Light .....	55,854
H.K. Electric .....	35,737
C. Electric (Rts) .....	13,373
Macao Electric .....	3,465
Telephone .....	37,078
Goldbeck (Ord.) .....	50
Cement .....	18,151
Amoy Canning .....	1,360
Metal Industries .....	6,000
Dairy Farm .....	39,430
Watson .....	7,830
Lane Crawford .....	5,500
China Emporium .....	595
Kwong Sang Hong .....	26
China Entertainment .....	3,600
Construction .....	800
Textile .....	11,000
Nanyang Mill .....	11,800
<b>Rubber</b>	
Amalgamated Rubber .....	195,092
Java-Consolidated .....	30,356
Rubber Trust .....	21,745
S'hai Kelantan .....	10,200
Sungala .....	5,000

## HONGKONG TRADE REPORTS IMPORTS & EXPORTS

Shipments to and from UK and US were very active during the past fortnight. Imports from China and Japan were also heavy but exports to these two destinations were quiet. With the exceptions of Malaya and Singapore, countries in SE Asia bought very little commodities from Hongkong.

**Hongkong/China—**A number of foreign firms here last week sent representatives to the Canton Trade Fair which opened yesterday in the 5-storey China Export Commodities Display Centre there. According to a report from Canton, authorities there had also invited more than 20,000 foreign trading companies in India, Indonesia, Cambodia, West Germany, Sweden, Switzerland, Holland,



Belgium, Italy, France, Britain, Austria, Canada, the United Arab Republic, Burma, Ceylon, Australia, Uruguay, etc. to the fair. Canton claims that 5,000 items out of the total of more than 20,000 products on display are new products which have never before been produced in China. These include precision instruments, machinery, metalware, mineral ores, chemicals, edible oil and other light industrial products.

A 10-day Chinese woollen goods exhibition is now staged on the 8th floor of the Chinese General Chamber of Commerce Building in Hongkong. On display are Chinese worsted yarn, woollen knitwear, woollen piecegoods and garments made of woollen materials. The exhibition will be closed on October 21st.

Imports of foodstuffs from China remained heavy but supply of produce failed to improve; with the exception of soya beans, consignments of oilseeds, oils and other popular items were restricted to insignificant quantities. Imports of paper, cotton textiles, sugar and cement were also curtailed. Among new Chinese goods put on the local market were rubber hose, lathe and other machinery.

China's purchases from the local market remained irregular and unpredictable. Last fortnight, orders from China covered some scrap iron and copper as well as some base metals and coconut oil; quantities involved, however, were small.

**Hongkong/Japan**—About 5,000 tons of merchandise arrived from Japan. Cement, wheat flour, fertilizers, fruits, metals and cotton piecegoods constituted the major portion of the tonnage. Exports remained low; ships left here for Japan during the fortnight carried an average load of only about 300 tons each; principal items included kaolin, iron ore, scrap metals, beans, bonemeal, maize and sesame.

Imports from Japan remained at a much reduced volume compared with this time last year due chiefly to the decline in reexports of Japanese goods to SE Asia and China. Exports to Japan were also lower on account of the drop in the number of orders from Japan for produce.

**Hongkong/United Kingdom**—After almost three weeks of negotiations with the UK Cotton Board delegation, Hongkong textile industries finally accepted the principle of voluntary limitation on a comprehensive basis of the export of cotton textiles to the United Kingdom. The ceiling figure is not yet known but it has been confirmed that the quota will cover grey cloth and made-up cotton goods; yarn-dyed cotton cloth, towels and towelling, however, will be excluded. (See 'Cotton Talks' under Hongkong Notes and Reports). It remains to be seen whether or not Hongkong's sacrifice could save Lancashire's ebbing cotton industry!

Exports of cotton goods, plastics, rubber shoes, sawn timber, ginger, rosin, seagrass mats, bamboo cane and other produce to UK during the fortnight amounted to about 4,000 tons; cotton cloth and garments constituted about 45 per cent of the tonnage. Imports of base metals, woollen textiles and other industrial supplies and consumer goods from UK totalled 3,500 tons. The value

of imports remained much higher than that of exports.

**Hongkong/Europe**—Cargo movements between Hongkong and Europe slowed down; imports only 1,500 tons and exports, 2,000 tons. Dealers imported woollen goods, metals, dairy products, paper and other supplies chiefly for local consumption because reexports continued to decline. Exports of shirts, gloves, garments, drawn lace work, napery, embroideries and other HK manufactures were particularly active to West Germany; the volume, however, was still not very impressive. Further improvement will depend upon Hongkong manufacturers' ability to make better-quality products.

**Hongkong/United States**—About 3,500 tons of industrial supplies and consumer goods arrived from the United States, much less than during the same period last year. Exports, totalling about 5,000 tons, were better. Dealers here are reluctant to book too much durable and staple consumer goods from US because sales this winter will have to depend chiefly on local consumption. On the other hand, demand from US for shirts, rattanware, hardwood furniture, cotton textiles, plastics, firecrackers, gloves, frozen prawns and other HK products is steadily improving although buying offers this year are comparatively lower than last year.

A representative of the Portland Chamber of Commerce, Mr. Harold B. Say, came here last week to encourage HK manufacturers to participate in the Oregon International Trade Fair to be held next year at Portland. Mr. Say described the fair as an excellent opportunity for local manufacturers and exporters to present new products to US buyers.

**Hongkong/Thailand**—Substantial quantities of rice continued to reach here from Bangkok under old licences. Beginning October 1st, authorities there resumed the issuance of export licences for rice. CIF Hongkong quotations for rice were also marked down to solicit orders from here.

Exports declined to about 500 tons per week; winter goods constituted the bulk of the tonnage. Exports to Thailand may remain at a low level during the second half of this month because Bangkok importers are buying ever more cotton goods, metals, garments and other supplies direct from China instead of via Hongkong.

**Hongkong/Indonesia**—There were more enquiries than, orders from Djakarta for pharmaceuticals, cotton yarn, piecegoods, metalware and other HK products. Exports during the fortnight totalled only about 500 tons. Shortage of foreign exchange in Djakarta and the ever increasing direct shipments from China to Indonesia will continue to restrict HK exports to Indonesian ports to small lots of essentials.

**Hongkong/Malaya**—Malaya and Singapore remained Hongkong's best customer in SE Asia. Exports during the fortnight amounted to 6,000 tons. Principal items included sundry provisions, vegetables, canned food, joss sticks and paper, plastics, enamelware, metals, pharmaceu-

ticals and cotton textiles. Steady re-exports from Malayan ports to Cambodia and Indonesia will continue to keep shipments of consumer goods from here to Malaya and Singapore at the present level.

**Hongkong/Philippines**—Exports to the Philippines dwindled to about 200 tons during the past two weeks. Prospects of improvement remain dark because authorities there have further tightened the control over imports financed from self-provided foreign exchange. Orders reached here from Manila last fortnight covered only insignificant quantities of melon seeds, structural steel, electric appliances, cotton garments, cotton textiles, toys and other HK manufactures.

**Hongkong/Korea**—Importers in Seoul were interested in a few popular items of paper, pharmaceuticals, worsted yarn, dyestuffs, watches and condensed milk. Purchases made from the local market, however, covered only some woollen yarn, paper and pharmaceuticals. Authorities there also invited tenders from HK exporters for the supply of hospital equipment, agricultural machinery, paints, generators, transportation equipment, etc. Response from local businessmen was cold because Seoul used to buy these items from Japan and US.

**Hongkong/Cambodia**—About 200 tons of sundry provisions, fruits, vegetables, paper, torch light, enamelware, aluminum ware, glass bottles and medicinal herbs were shipped to Phnompenh. In return, HK imported about 500 tons of rice and 600 tons of sesame, maize, hide, live hogs and other merchandise from Cambodia.

**Hongkong/Laos**—On October 10th, the Laotian Government announced the devaluation of the kip to 80 kips per one US dollar from 30:1. Trade between Hongkong and Laos remained quiet.

**Hongkong/Vietnam**—Shipments from here to Saigon consisted chiefly of medicinal herbs, vegetables, fruits, paints, vacuum flask and other HK products. Quantities involved, however, were insignificant.

Exports to Haiphong remained sluggish because authorities there procured the bulk of imports from Japan and China. Imports of produce from Haiphong also declined.

**Hongkong/Burma**—Trade with Burma continued sluggish. Imports were limited to small lots of beans, tobacco, rubber and charcoal while exports of foodstuffs, torchlight and other HK manufactures amounted to only about 200 tons.

**Hongkong/Australia**—Two Australian businessmen visited Hongkong during the fortnight. Mr. Roland Hill, Managing Director of American-British Travel Headquarters, Sydney, advised Hongkong textile manufacturers to arrange fashion shows in Australia, particularly in Sydney and Melbourne, for the promotion of trade and tourism. With the cooperation of Australian departmental stores, Mr. Hill said such fashion shows would stimulate the interest of Australians, especially women, in HK textile products. He pointed out that similar shows conducted in Australia by English, French, German and Italian businessmen in recent years had been successful.



Mr. V. A. McAloon, managing director of the Jeldi Mills, Sydney, predicted that his country would increase the import of grey cloth from HK. He made the statement after he had visited many textile factories here. He was pleasantly surprised by HK's up-to-date factories and impressed with the quality of HK products. Mr. McAloon's mills used about 6 million square yards of grey cloth last year in the finishing trade but only a small percentage of which was bought from Hongkong.

**Hongkong/Africa**—Demand from East Africa for Hongkong manufactured rubber footwear, umbrella, torch, household utensils, canned food, matches, ginger, rayon and cotton piecegoods and made-up goods improved. Shipments of these commodities to East African markets during the fortnight amounted to about 1,500 tons. Exports to West and South Africa totalled about 500 tons each. Imports came chiefly from East Africa and consisted mainly of cotton, bean, tobacco, ivory and groundnut.

### COMMODITY MARKETS

**Produce**—The turnover during the fortnight was not impressive although popular items retained strong demand from Japan, Europe and other sources. With the exception of soya beans, supply of produce from China remained short. Buying interest was also selective. Orders from Japan covered sesame, castor seed, aniseed oil; from Europe, aniseed star, teaseed oil, woodoil, feather, bitter almond; from Australia and New Zealand, woodoil, kapok, rosin, camphor tablets; from Singapore and Malaya, sesame, beans; from India and Pakistan, cassia, menthol crystal, realgar.

Most firms here dealing in produce have sent representatives to Canton to investigate the supply situation of oilseeds, oils, animal by-products and other produce for their overseas clients. They hope to make some purchases at the current export products exhibition in Canton.

**Metals**—Local demand for structural steels and base metals kept the market active and prices firm. Exports to China and SE Asia were quiet. There were more enquiries than orders from various sources: importers in Canton and Shanghai were interested in steel wire rope, steel plate, blackplate and tinplate waste and scrap metals but with the exception of a few lots of scrap metals, other transactions fell through; traders in Manila wanted to buy structural steels but found quotations from local mills too high; merchants in Bangkok bought only small lots of structural steels while Singapore firms absorbed some wire rope and steel plates.

Stocks of many popular items dwindled while replenishment costs remained high. The market closed very firm last week.

**Paper**—Thailand, Korea and Cambodia provided selective demand covering only woodfree printing, flint, cellophane and cigarette paper in reams. The market, however, was kept buoyant by strong demand for newsprint, art printing, poster, sulphite, kraft, manifold, bond, glassine, flint, aluminum foil, straw and

duplex boards from local firecracker makers, enamelware manufacturers, torch light producers and printers. Prices were very firm because imports from China and Japan were not very heavy during the past few weeks.

**Industrial Chemicals**—The market was very quiet. Taiwan enquired for lanolin, shellac and gum copal but no orders were concluded. Korea bought some German caustic soda while Philippines absorbed some Dutch lithopone; quantities involved were very small. Local demand for factory supplies such as sodium hydro-sulphite, acetic acid, petrolatum and sodium salts was also weak. Prices were steady in general because stocks were not heavy and there was no selling pressure.

**Pharmaceuticals**—Korea and Taiwan bought small quantities of ascorbic acid, Indonesia took some sulfathiazole and quinine powder, Singapore and Malaya favoured aspirin while China enquired for antipyrin. The turnover during the fortnight was insignificant.

**Cotton Yarn**—Hongkong yarn was firm toward the end of last week because spot goods dwindled after heavy purchases by local weavers and knitters. Orders from Indonesia and Philippines covered forward deliveries. Imported brands, however, remained weak due to the lack of demand.

**Cotton Piecegoods**—Hongkong grey cloth retained firm price; spot goods were short while forward bookings by UK, Europe, US and Africa continued heavy. Hongkong drill attracted orders from Indonesia but quantities were small. Hongkong white cloth and shirting were favoured by Singapore and Malaya. Local mills bought some Chinese grey but prices remained weak because supply still exceeded demand.

**Rice**—Prices in the local market assumed an easy trend because (1) Thailand resumed the issuance of export licences for rice; (2) Bangkok indents were marked down; and (3) imports of rice from China, Cambodia and other sources continued heavy.

**Wheat Flour**—Hongkong brands were steady on strong local demand and orders from Singapore and Malaya. Imported brands, however, were weak because supply exceeded demand while more shipments arrived from US and other sources.

**Sugar**—Taiwan granulated white sugar firmed on orders from Singapore, Cambodia and Saigon but towards the end of last week, prices turned weak again because new shipments arrived from Taiwan. Chinese brands were steady on account of curtailed supply; some dealers marked up prices for Canton products during the period. Hongkong Taikoo sugar remained steady on normal local consumption and absorption by various ships in the Harbour.

**Cement**—In spite of heavy shipments from Japan, prices for local and imported brands were kept firm by strong local demand. Supply from China was light during the fortnight while demand from North Borneo improved. Towards the end of last week, however, prices were weak on account of the anticipated heavy supply from China during the second half month.

### SEPTEMBER STATISTICS

According to the Director of Commerce and Industry, provisional trade figures for September are: (1) Total exports—\$252.8 million; \$17.3 m higher than that of the preceding month and \$14.7 m better than September 1957. (2) Total imports—\$377.9 m; \$38.6 m higher than that of the preceding month but \$20.8 m lower than the corresponding month last year. (3) Exports of Hongkong manufactured goods totalled \$98 million; \$4.2 m over August 1958 but \$6.9 m lower than September 1957.

### NEW COMPANIES IN HONGKONG

Following new companies were incorporated during the month of July, 1958 (all capital is nominal and in Hongkong Dollars):—

**North Breeze Navigation Co. Ltd.**—Shipowners; Capital, 100,000; 601 Alexandra House, Hongkong; Subscribers: Clive E. Histed, 1 Des Voeux Road Central, Hongkong, solicitor; W. Turnbull, 1 Des Voeux Road Central, Hongkong, solicitor. **Mantile Co. Ltd.**—Importers & exporters; Capital, 1,000,000; 31 Bonham Strand West, Hongkong; Subscribers: Wong Chung Man, 16, Kennedy Terrace, Hongkong, merchant; Ichiro Fujita, 31 Bonham Strand West, Hongkong, merchant; Wong Chung Ying, 16 Kennedy Terrace, Hongkong, merchant; Wong Chung Din, 16 Kennedy Terrace, Hongkong, merchant. **Jacaranda Steamship Co. Ltd.**—Shipowners; Capital, 1,000,000; 701 Edinburgh House, Hongkong; Subscribers: Martin Wyndham Hedley Calvert, 261 The Peak, Hongkong, manager; Peter Oswald Scales, 261 The Peak, Hongkong, secretary. **Society of Dramatic Arts, Ltd.**—Producers; Capital, 100,000; 503 Bank of East Asia Building, Hongkong; Subscribers: Victor Hugh, 50 Fort Street, Hongkong, merchant; Chan Ven Von, 62A Robinson Road, Hongkong, merchant; Charles Y. Chong, Villa Rosa, Pai Tau Village, Shatin, merchant.